

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

HALF YEAR ENDED 31 DECEMBER 2005

1. Details of the Reporting Period

Half Year Ended ('current period')	Half Year Ended ('previous period')
31 December 2005	31 December 2004

Results for announcement to the market

					\$
2.1	Revenues	up	18%	to	16,266,635
2.2	Net profit attributable to unitholders	up	42%	to	14,567,448
2.3	Net profit attributable to unitholders	up	42%	to	14,567,448
2.4	Distributions				
			Amount per ordinary unit		Amount per ordinary unit
			31 Dec 05	30 Jun 05	
	Interim distribution		-		-
	Final distribution		n/a		2 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 \$10.3 million for the half year ended 31 December 2004 to \$14.6 million.

Major revenue components of the net profit for the six months to 31 December 2005 comprise:-

- Unrealised gains in the net fair value of investments of \$11.2 million;
- Interest income of \$3 million with coupons ranging between 8% and 10% being earned on Convertible notes & mezzanine facilities totalling \$19 million together with bank rates earned on cash held on deposit; and
- Realised gains on the sale of investments, with \$1.5 million of the \$1.7 million gain being realised on the exercise of Grange Resources options and subsequent sale of these shares.

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

The NTA per ordinary unit based on the net assets of the Fund at 31 December 2005 was \$1.09 compared to \$0.97 at 30 June 2005. The NTA has been determined by fair valuing all the funds investments in accordance with the adoption of Australian equivalents of international financial report standards (“AIFRS”). If AIFRS had been applied at 30 June 2005, the NTA at this date would have been \$0.99.

No NTA has been provided for the previous corresponding period as the fund was not listed on this date.

4. Controlled Entities

The Fund did not gain or lose control over any entities during the six months ended 31 December 2005.

5. Distributions

The Fund’s maiden distribution of 2 cents per unit in respect of the year end 30 June 2005 was paid in September 2005.

No interim distribution will be paid in respect of the half year ended 31 December 2005.

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 2005**

LinQ Resources Fund

ARSN 108 168 190

Half Year Financial Report

31 December 2005

Table of Contents

– Directors’ Report.....	2
– Condensed Income Statement.....	5
– Condensed Balance Sheet.....	6
– Condensed Cash Flow Statement.....	7
– Statement of Changes in Unitholders’ Funds.....	8
– Notes to the Half Year Financial Statements.....	9
– Directors’ Declaration.....	16
– Independent Review Report.....	17
– Management and Administration Directory.....	18

LINQ RESOURCES FUND

DIRECTORS' REPORT 31 DECEMBER 2005

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 2005.

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

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 increased from \$10,279,231 for the half year ended 31 December 2004 to \$14,567,448.

Major revenue components of the net profit comprise:-

- Unrealised gains in the net fair value of investments of \$11,176,854;

LINQ RESOURCES FUND

DIRECTORS' REPORT 31 DECEMBER 2005

- Interest income of \$3,038,216 with coupons ranging between 8% and 10% being earned on Convertible notes & mezzanine facilities totalling \$19,000,000 together with bank rates earned on cash held on deposit; and
- Realised gains on the sale of investments, with \$1,512,643 of the \$1,709,704 million gain being realised on the exercise of Grange Resources options and subsequent sale of these shares.

DISTRIBUTIONS

No distribution will be paid for the half year ended 31 December 2005. A distribution of 2 cents per unit in respect of the year ended 30 June 2005 was paid in September 2005.

FUND ASSETS

At 31 December 2005 the LinQ Resources Fund held assets to a total value of \$145,118,902 (30 June 2005: \$127,108,289). 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
GPO Box M939
Perth WA 6843

■ Tel 61 8 9429 2222
Fax 61 8 9429 2436

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 2005, 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.

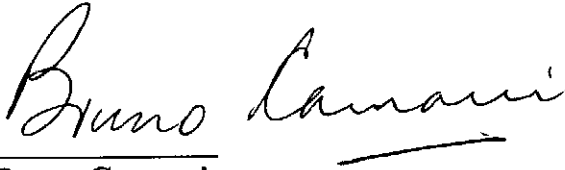
Ernst & Young

G H Meyerowitz
Partner
Perth
30 January 2006

LINQ RESOURCES FUND

DIRECTORS' REPORT
31 DECEMBER 2005

Signed in accordance with a resolution of the Directors.

A handwritten signature in cursive script that reads "Bruno Camarri". The signature is written in black ink and is positioned above a horizontal line.

Bruno Camarri
Director
Perth

30 January 2006

LINQ RESOURCES FUND
CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

CONDENSED INCOME STATEMENT	Half year ended	
	31 December 2005	31 December 2004
	\$	\$
Revenue		
Dividend income	171,824	73,524
Interest income	3,038,216	276,137
Miscellaneous income	170,037	-
Sub-underwriting fee income	-	14,167
Change in net fair value of investments	12,886,558	13,460,146
- Unrealised gains in net fair value of investments	11,176,854	13,536,485
- Realised gains on sale of investments	1,709,704	1,714
- Realised losses on sale of investments	-	(78,053)
Total investment income	16,266,635	13,823,974
Expenses		
Administration expenses	278,553	38,520
Directors' fees and expenses	100,063	38,150
Legal and professional fees	124,808	32,115
Manager's fees	1,149,719	374,607
Non- recoverable GST	46,044	144,840
Performance fees	-	1,569,742
Restructuring costs	-	1,346,769
Total expenses	1,699,187	3,544,743
Net profit attributable to unitholders	14,567,448	10,279,231
Changes in net assets attributable to unitholders	14,567,448	10,279,231
Distribution per unit (cents)	-	-
Basic earnings per unit (cents)	11.1	-
Diluted earnings per unit (cents)	11.1	-

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

LINQ RESOURCES FUND
CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Note	As at	
		31 December 2005	30 June 2005
		\$	\$
Assets			
Cash and cash equivalents		65,542,959	89,763,518
Receivables		3,912,117	838,774
Investments in financial assets		75,852,999	39,490,134
Total assets		145,308,075	130,092,426
Liabilities			
Distribution payable	2(a)	-	2,621,005
Payables		189,173	363,132
Total liabilities excluding net assets attributable to unitholders		189,173	2,984,137
Net assets attributable to unitholders (liability)	3(c)	145,118,902	-
Net assets		-	127,108,289
Unitholders' Funds			
Net assets attributable to unitholders		-	127,108,289
Net tangible assets per ordinary unit		1.09	0.97

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

LINQ RESOURCES FUND
CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Half year ended	
	31 December 2005	31 December 2004
	\$	\$
Cash flows from operating activities		
Interest received	2,779,550	208,742
Dividend income received	171,824	73,524
Other income received	170,037	14,167
Net GST received/(paid)	260,022	(208,294)
Manager's fees paid	(1,149,719)	(574,607)
Performance fees paid	-	(1,734,763)
Restructuring costs	-	(1,346,769)
Other expenses paid	(535,489)	(271,693)
Net cash inflow/(outflow) from operating activities	1,696,225	(3,839,693)
Cash flows from investing activities		
Payments for investments	(30,130,928)	(5,871,405)
Proceeds from sale of investments	5,824,319	720,499
Net cash outflow from investing activities	(24,306,609)	(5,150,906)
Cash flows from financing activities		
Distribution paid	(1,610,175)	-
Proceeds from calls on units issued	-	18,932,501
Net cash (outflow)/inflow from financing activities	(1,610,175)	18,932,501
Net (decrease)/increase in cash held	(24,220,559)	9,941,902
Cash at the beginning of the half year	89,763,518	7,638,737
Cash at the end of the half year	65,542,959	17,580,639

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

LINQ RESOURCES FUND
STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS
AS AT 31 DECEMBER 2005

	Half year ended	
	31 December 2005	31 December 2004
Total unitholders' funds at the beginning of the financial half year	127,108,289	23,226,193
Adjustment on adoption of AASB132 and AASB139 (see Note 1(d)(iv))	(127,108,289)	-
Movement in unitholders' funds during the period		
Call of partly paid units issued during the period	-	18,932,501
Net profit	-	10,279,231
Total unitholders' funds at the end of the financial half year	-	52,437,925

Under AIFRS, net assets attributable to unitholders are classified as a liability rather than unitholders' funds. As a result there was no unitholders' funds at the start or end of the half year.

LINQ RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year 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 LinQ Resources Fund ("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 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by the responsible entity, LinQ Capital Limited, on behalf of the Fund during this half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporation Act 2001.

(a) Basis of accounting

The Fund was constituted on 8 March 2002. The Fund will terminate on 7 March 2082 unless terminated earlier in accordance with provisions of the Constitution.

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

The half-year financial report has been prepared on a historical cost basis, except for financial assets that have been measured at fair value.

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

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AASB 134 "Interim Financial Reporting" ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with AASB "Interim financial reporting."

This is the first half-year financial report prepared based on AIFRS and comparatives for the half year ended 31 December 2004 and the full year ended 30 June 2005 have been restated accordingly.

Reconciliations of:-

- AIFRS unitholder's funds as at 1 July 2004 and 31 December 2004 and 30 June 2005; and
- AIFRS profit for the half year 31 December 2004 and full year ended 30 June 2005

to the balances reported in the 31 December 2005 half year report and 30 June 2005 full year financial report prepared under AGAAP are detailed in Note 1(d).

The responsible entity has elected to apply the exemption contained in AASB1 "First-time Adoption of the Australian Equivalents to International Financial Reporting Standards" which permits entities not to apply the requirements of AASB 132 and AASB 139 for the year ended 30 June 2005. Those standards will be applied from 1 July 2005, and accordingly, the adjustments

LINQ RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

required under those Standards have been recognised in the financial statements for the half year ending 31 December 2005. Accordingly, comparatives have not been restated for AASB 132 and AASB 139. For information on previous accounting policies, refer to the 30 June 2005 full year financial report prepared under previous AGAAP.

A summary of the significant accounting policies of the Fund under AIFRS are disclosed in Note 1(c) below.

(c) Summary of Significant Accounting Policies

(i) Financial Assets

Financial assets in the scope of AASB 139 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale investments, as appropriate.

When financial assets are initially recognised they are recorded at fair value, plus in the case of investments not at fair value through the profit and loss, directly attributable transaction costs. The Fund determines the classification of its financial assets after initial recognition and when allowed and appropriate, re-evaluates this designation at each financial year end.

(a) Financial assets at fair value through profit & loss

For financial assets that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For financial assets where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the financial assets. The fair value of options is determined using an appropriate option pricing model.

Gains or losses on investments at fair value through profit and loss are recognised in the income statement.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Fund commits to purchase the asset.

(b) Loans & Receivables

Loans and receivables are non derivative financial assets with fixed and determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition. For financial assets carried at amortised cost, gains and losses are recognised in the income statement when the financial assets are derecognised or impaired, as well as through the amortisation process.

(c) Derecognition of Financial Assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;

LINQ RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

- The Fund retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party lender under a “pass-through” arrangement; or

- The Fund has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Specific revenues are recognised as follows:

(a) Dividend income

Dividends are recognised when the right to receive payment is established.

(b) Interest

Interest is recognised on an accruals basis using the effective interest rate method, which is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset. Interest on cash on deposit is recognised in accordance with the terms and conditions that apply to the deposit.

(iii) Income tax

Under current legislation, the Fund is not subject to income tax provided the taxable income of the Fund is fully distributed by way of cash (i.e. Unit Holders are presently entitled to the income of the Fund).

(iv) Distributions

In accordance with the Fund’s Constitution, the Fund fully distributes its distributable income to unitholders. Such distributions are determined by reference to the taxable income of the Fund. Distributable income includes capital gains arising from the disposal of investments. Unrealised gains and losses on investments that are recognised as income are transferred to net assets attributable to unitholders and are not assessable and distributable until realised. Capital losses are not distributed to unitholders but are retained to be offset against any realised capital gains.

(v) Transfer to/from Net Assets Attributable to Unitholders

Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the net market value of securities, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free and tax deferred income. Net capital gains on the realisation of any securities (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax.

(vi) Receivables

Receivables may include amounts for dividends, interest and securities sold where settlement has not yet occurred. Interest is accrued from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

LINQ RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

(vii) Accounts payable

These amounts represent liabilities for goods and services provided to the Fund prior to the end of the period that are unpaid, and arise when the Fund became obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(viii) Goods and Services Tax ('GST')

Expenses incurred by the Fund are recognised net of the amount of GST that can be recovered from the Australian Taxation Office (ATO).

Reduced input tax credits (RITC) recoverable by the Fund from the ATO are recognised as receivables in the Balance Sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of the cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority are classified as operating cash flows.

(ix) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes deposits held at call with banks or financial institutions.

(x) Comparative figures

Where necessary, comparative figures have been reclassified to conform with changes in presentation in this financial report.

(xi) Earnings per unit

Basic earnings per unit (EPU) is calculated as net profit attributable to unitholders divided by the weighted average number of units. The diluted EPU is not materially different from the basic EPU.

(d) Impact of adoption of AIFRS

For all periods up to and including the year ended 30 June 2005, the Fund prepared its financial statements in accordance with Australian Accounting Standards applicable before 1 January 2005 ("AGAAP"). These half year financial statements for the half year ended 31 December 2005 are the first half year financial statements the Fund is required to prepare in accordance with AIFRS.

Accordingly, the Fund has prepared half year financial statements that comply with applicable accounting standards including AASB134 "Interim Financial Reporting" and other mandatory professional reporting requirements applicable for periods beginning on or after 1 January 2005.

In preparing these half-year financial statements, the Fund has started from an opening balance sheet at 1 July 2004, the Fund's date of transition to AIFRS, and made those changes in accounting policies and other restatements required by AASB 1 "First-time adoption of AIFRS".

This note explains the principal adjustments made by the Fund in restating its - total unitholders' funds as presented under AGAAP to that under AIFRS at 30 June 2005, 31 Dec 2004 and at 1 July 2004; and

LINQ RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

- profit under AGAAP to that under AIFRS for the year ended 30 June 2005 and the half-year ended 31 December 2004.

Exemptions Applied

The responsible entity has on behalf of the Fund made its election in relation to the transitional exemptions allowed by AASB 1 “First-time Adoption of the Australian Equivalents to International Financial Reporting Standards”. This exempts the Fund from the requirement to restate comparative information for AASB 132 “Financial Instruments: Presentation and Disclosure” and AASB 139 “Financial Instruments: Recognition and Measurement”.

Comparative information for financial instruments is prepared in accordance with AGAAP and the Fund has adopted AASB 132 and AASB 139 from 1 July 2005.

(i) Reconciliation of unitholders’ funds as presented under previous AGAAP to unitholders’ funds under AIFRS.

There are no material differences between unitholders’ funds as presented under previous AGAAP to unitholders’ funds under AIFRS for 1 July 2004, 31 December 2004 and 30 June 2005.

(ii) Reconciliation of net profit under previous AGAAP to net profit under AIFRS.

There are no material differences of net profit under previous AGAAP to net profit under AIFRS for the year ended 30 June 2005 and half year ended 31 December 2004.

(iii) Explanation of material adjustments to the Cash Flow Statements.

There are no material differences between the Cash Flow Statement presented under AIFRS’s and the Cash Flow Statement presented under previous AGAAP.

(iv) Impact of adoption of AASB132 and AASB139 as at 1 July 2005

Adjustments to fair value of investments

An A-IFRS adjustment has arisen as a consequence of investment values being measured on a “bid” price basis rather than on a “sales” or “mid” price basis and unlisted securities being valued using an appropriate valuation model to determine fair value in accordance with AASB 139. The impact of \$2,433,135 has been adjusted as a credit to opening net assets attributable to unitholders at 1 July 2005 – see -Note 3(c).

Adjustment to balance sheet classification of net assets attributable to unitholders

Under AASB 132, contractual obligations are regarded as liability. Unitholders have the ability to redeem units from the Fund as the Fund will terminate on 7 March 2082, therefore all net assets attributable to unitholders will be recognised as liabilities of the Fund, rather than as equity. The classification of net assets attributable to unitholders does not alter the underlying economic interest of the unitholders in the net assets and net income attributable to unitholders of the Fund.

LINQ RESOURCES FUND

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

2. Distributions payable	December 2005	June 2005
	\$	\$
(a) Distribution payable - for year ended 30 June 2005	-	2,621,005
(b) Per unit distribution - for year ended 30 June 2005	-	2 cents
3. Net assets attributable to unitholders	December 2005	June 2005
	Number	Number
(a) Units on issue		
Units on issue as at beginning of reporting period	131,010,259	39,900,002
Units issued pursuant to the distribution reinvestment plan	1,329,035	-
Units issued during the reporting period as a result of the unit division	-	8,124,819
Units issued pursuant to the PDS dated 11 October 2004	-	82,955,438
Units issued on conversion of options	-	30,000
Units on issue as at the reporting date	<u>132,339,294</u>	<u>131,010,259</u>
A unit carries a proportional entitlement to an undivided beneficial interest in the whole of the Fund.		
(b) Options on issue	Number	Number
Options on issue as at beginning of reporting period	130,950,259	-
Options issued pursuant to the PDS dated 11 October 2004	-	130,980,259
Options converted	-	(30,000)
Options on issue as at the reporting date	<u>130,950,259</u>	<u>130,950,259</u>
(c) Changes in net assets attributable to unitholders	December 2005	June 2005
	\$	\$
Net assets attributable to unitholders at beginning of reporting period	127,108,289	23,226,193
Change in net assets attributable to unitholders	14,567,448	11,275,219
Units issued in the distribution reinvestment plan	1,010,030	-
AIFRS adjustment - see Note 1 (d) (iv)	2,433,135	-
Call of Partly Paid Units issued during the reporting period	-	18,932,501
Units issued pursuant to the PDS dated 11 October 2004	-	82,955,438
Exercise of options	-	30,000
Costs associated with the offer under this PDS	-	(5,784,992)
Distributions paid and payable	-	(2,621,005)
Revaluation of Securities	-	(905,065)
Closing net assets attributable to unitholders	<u>145,118,902</u>	<u>127,108,289</u>

LINQ RESOURCES FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

4. Segment Information

Industry segment

The Fund operates solely in the financial investment industry.

Geographical segments

The Fund invests in companies in Australia and overseas.

5. Events after the Balance Sheet Date

There has not been any matter or circumstance arising after 31 December 2005, not otherwise dealt with in the financial report that has significantly affected or may significantly affect 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 2005 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**



**Bruno Camarri
Director**

Perth, 30 January 2006

Independent review report to the unitholders of LinQ Resources Fund

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flows statement, and accompanying notes to the financial statements, and the directors' declaration of the Responsible Entity for the LinQ Resources Fund (the Fund), for the half year ended 31 December 2005.

The directors of LinQ Capital Limited (the Responsible Entity) are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Fund, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001* and the Fund's Constitution. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to express an opinion on it to the unitholders of the Fund and in order for the Fund to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, and the provisions of the Fund's Constitution, a view which is consistent with our understanding of the Fund's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of the Fund's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance given is less than given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

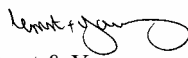
Independence

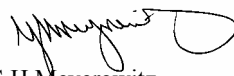
We are independent of the Fund, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of LinQ Resources Fund during the half year 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 at 31 December 2005 and of their 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
30 January 2006

Liability limited by the Accountants Scheme,
approved under Professional Standards Legislation

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 MANAGER

Mr Gordon Toll
Mr Clive Donner
Mr Graham Fariss
Mr Bruno Camarri
Mr Nicholas Lattimore
Mr Gerrit de Nys

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