

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

**HALF YEAR ENDED 31 DECEMBER 2009**

**1. Details of the Reporting Period**

<b>Half Year Ended ('current period')</b>	<b>Half Year Ended ('previous period')</b>
31 December 2009	31 December 2008

**2. Results for announcement to the market**

					<b>Consolidated \$000</b>
<b>2.1</b>	Revenues	up	1,813%	to	21,909
<b>2.2</b>	Net profit before tax	down	109%	to	19,554
<b>2.3</b>	Net profit attributable to unitholders	down	107%	to	15,300
<b>2.4</b>	<b>Distributions</b>				
			<b>Amount per ordinary unit 31 Dec 09</b>	<b>Amount per ordinary unit 30 Jun 09</b>	
	Interim distribution		-	-	
	Final distribution		n/a	0.01 cent	
<b>2.5</b>	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 a loss of \$225.8 million for the half year ended 31 December 2008 to a net profit after income tax of \$15.3 million for the current year.

The major component of revenue for the six months to 31 December 2009 was the change in fair value of investments of financial assets through the profit and loss of \$20.8 million, with \$21.1 million relating to unrealised gains.

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

The NTA per ordinary unit based on the net assets of the Fund at 31 December 2009 was \$0.96 compared to \$0.87 at 30 June 2009.

**4. Controlled Entities**

The Fund owns a wholly owned subsidiary Trust known as the LinQ Resources Fund No 2 (‘Fund 2’), of which LinQ Capital No 2 Pty Ltd is the sole Trustee. The Fund also owns all of the issued capital of LinQ Capital No 2 Pty Ltd. Fund 2 is a special purpose Trust that has been used to buy back 67,640,071 units in March 2008.

**5. Distributions**

The Fund paid a distribution of 0.01 cent per unit in respect of the year ended 30 June 2009, in August 2009.

No interim distribution will be paid in respect of the half year ended 31 December 2009.

**6. Distribution Reinvestment Plan**

The Fund operates a distribution reinvestment plan.

**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 2009**

# LinQ Resources Fund

ARSN 108 168 190

## Half Year Financial Report

31 December 2009

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# **LINQ RESOURCES FUND**

## **DIRECTORS' REPORT 31 DECEMBER 2009**

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### **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 2009.

### **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  
Jyn Sim Baker

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's 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 Level 2, 41 – 43 Ord Street Street, West Perth, Western Australia, 6005.

### **RESULTS AND REVIEW OF OPERATIONS**

The half year net profit from ordinary activities for the Consolidated entity increased from a loss of \$225.835 million for the half year ended 31 December 2008 to a net profit after tax of \$15.300 million for the current half year ended 31 December 2009.

Major revenue components of the net profit for the half year ended 31 December 2009 comprise:-

- Unrealised gains in the net fair value of investments of \$21.113 million;
- Interest income of \$0.901 million with coupons ranging between 9% and 12% being earned on convertible notes together with bank rates earned on cash held on deposit; and
- Net realised loss on the sale of investments of \$0.316 million.

### **DISTRIBUTIONS**

No distribution will be paid for the half year ended 31 December 2009. A distribution of 0.01 cent per unit in respect of the year ended 30 June 2009 was paid in August 2009.

# LINQ RESOURCES FUND

## DIRECTORS' REPORT 31 DECEMBER 2009

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### FUND ASSETS

At 31 December 2009 the Consolidated entity held net assets to a total value of \$164.373 million (30 June 2009: \$148.766 million).



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### 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 2009, 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

T G Dachs  
Partner  
24 February 2010

Liability limited by a scheme approved  
under Professional Standards Legislation

TD:MJ:LINQ:014

**LINQ RESOURCES FUND**

**DIRECTORS' REPORT  
31 DECEMBER 2009**

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Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to be 'Clive Donner', written over a light grey rectangular background.

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**Clive Donner**  
**Director**  
**Perth**

24 February 2010

**LINQ RESOURCES FUND**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	<b>Half year ended</b>	
	<b>31 December 2009</b>	<b>31 December 2008</b>
	<b>Note</b>	<b>\$000</b>
		<b>\$000</b>
<b>Income</b>		
Dividend revenue		53
Interest revenue		1,087
Other income		5
Change in fair value of investments in financial assets classified at fair value through the profit & loss	2	-
		20,797
<b>Total investment income</b>		<b>21,909</b>
<b>Expenses</b>		
Change in fair value of investments in financial assets classified at fair value through the profit & loss	2	-
		222,763
Administration expenses		1,224
Directors' fees and expenses		167
Fund promotion		165
Interest Expense		275
Legal and professional fees		211
Manager's fees		2,175
<b>Total expenses</b>		<b>2,355</b>
<b>Net profit attributable to unitholders before income tax</b>		<b>19,554</b>
<b>Income tax expense</b>		<b>(4,254)</b>
<b>Net profit attributable to unitholders after income tax</b>		<b>15,300</b>
<b>Other comprehensive income</b>		<b>-</b>
<b>Changes in net assets attributable to unitholders</b>		<b>15,300</b>
Distribution per unit (cents)		-
Basic earnings per unit (cents)		(137.0)
Diluted earnings per unit (cents)		(137.0)

*The above Consolidated Statement of Comprehensive Income should be read in conjunction with  
the accompanying notes.*

**LINQ RESOURCES FUND**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2009**

	Notes	31 December 2009 \$000	30 June 2009 \$000
<b>Assets</b>			
Cash and cash equivalents		14,938	26,002
Trade and other receivables		218	458
Investments in financial assets	4	160,318	130,704
Income tax benefit		3,352	2,761
<b>Total assets</b>		178,826	159,925
<b>Liabilities</b>			
Distribution payable	5	-	1,701
Trade and other payables		251	101
Interest bearing loan		-	-
Deferred tax liabilities		14,202	9,357
<b>Total liabilities excluding net assets attributable to unitholders</b>		14,453	11,159
<b>Net assets attributable to unitholders</b>		164,373	148,766
Net tangible assets per ordinary unit (\$)		0.96	0.87

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

**LINQ RESOURCES FUND**

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	<b>Issued Capital \$000</b>	<b>Undistributed income \$000</b>	<b>Total \$000</b>
<b>At 1 July 2008</b>	97,924	237,782	335,706
Net loss attributable to unitholders	-	(225,835)	(225,835)
Units issued - private placement	3,394	-	3,394
Units issued - distribution reinvestment plan	6,325	-	6,325
Unit buyback	(4,460)	-	(4,460)
<b>At 31 December 2008</b>	<u>103,183</u>	<u>11,947</u>	<u>115,130</u>
<b>At 1 July 2009</b>	106,164	42,602	148,766
Net profit attributable to unitholders	-	15,300	15,300
Units issued - private placement	-	-	-
Units issued - distribution reinvestment plan	307	-	307
Unit buyback	-	-	-
<b>At 31 December 2009</b>	<u>106,471</u>	<u>57,902</u>	<u>164,373</u>

**LINQ RESOURCES FUND**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Half Year Ended 31 December 2009 \$000	Half Year Ended 31 December 2008 \$000
<b>Cash flows/(outflows) from operating activities</b>		
Interest received	1,145	2,473
Dividend received	115	53
Other income received	96	5
Net GST(paid)/received	(4)	69
Manager's fees paid	(1,480)	(2,175)
Performance fee paid	-	(3,201)
Other expenses paid	(725)	(1,549)
<b>Net cash outflow from operating activities</b>	<b>(853)</b>	<b>(4,325)</b>
<b>Cash flows/(outflows) from investing activities</b>		
Payments for investments	(12,044)	(13,565)
Proceeds from sale of investments	3,227	72,014
<b>Net cash inflow from investing activities</b>	<b>(8,817)</b>	<b>58,449</b>
<b>Cash flows/(outflows) from financing activities</b>		
Proceeds from issue of units	307	3,394
Unit buyback	-	(4,505)
Distribution paid	(1,701)	(25,705)
Repayment of borrowings	-	(35,592)
<b>Net cash outflow from financing activities</b>	<b>(1,394)</b>	<b>(62,408)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(11,064)</b>	<b>(8,284)</b>
<b>Cash and cash equivalents at the beginning of the half year</b>	<b>26,002</b>	<b>33,349</b>
<b>Cash and cash equivalents at the end of the half year</b>	<b>3 14,938</b>	<b>25,065</b>

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

## LINQ RESOURCES FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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#### 1. CORPORATE INFORMATION

The financial report of the LinQ Resources Fund ('the Fund') for the half-year ended 31 December 2009 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 23 February 2010. 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 Level 2, 41 – 43 Ord Street, West Perth WA 6005.

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

#### BASIS OF PREPARATION AND ACCOUNTING POLICIES

##### (a) Basis of Preparation

The half-year financial report is a general-purpose condensed financial report, which has been prepared in accordance with the Fund's Constitution, requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting.

The financial report has been prepared on a historical cost basis, except for the valuation of investments in financial assets at fair value through Profit & Loss.

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. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets, and net assets attributable to unitholders. The amounts expected to be recovered and settled in relation to these balances cannot be reliably determined.

The half-year condensed 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 condensed financial report should be read in conjunction with the annual financial report of the Fund as at 30 June 2009.

It is also recommended that the half-year condensed financial report be considered together with any public announcements made by the Fund during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and ASX Listing Rules.

The condensed 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 98/0100. The Fund is an entity to which the Class Order applies.

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

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

##### (b) Statement of Compliance AASB 101.16

The financial statements have been prepared in accordance with the Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

## LINQ RESOURCES FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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#### (c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the LinQ Resources Fund and its wholly owned subsidiary Trust, the LinQ Resources Fund No 2, as at 31 December 2009 (the Group).

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

The financial statements of the subsidiary Trust are prepared for the same reporting period as the parent, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-trust balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

A subsidiary is fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

#### (d) Comparative Figures

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

#### (e) Adoption of New and Revised Accounting Standards and Interpretations

In the current period, the LinQ Resources Fund has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board relevant to its operations and effective for the reporting period commencing on 1 July 2009. The adoption of those new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies other than:

- *AASB 7 Financial Instruments: Disclosures*

The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy: quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

- *AASB 8 Operating Segments*

This standard requires disclosure of information about the Company's operating segments and replaces the requirement to determine primary and secondary reporting segments.

- *AASB 101 (Revised) Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards*

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, and non-owner changes in equity are presented in a reconciliation of each component of equity. In addition, the standard introduces a statement of comprehensive income, presenting all items of recognised income and expense, either in one single statement or in two linked separate statements. The Company has elected to present one statement.

Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Fund.

The Fund has not elected to early adopt any new standard or amendment.

**LINQ RESOURCES FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	<b>31 December 2009</b>	<b>31 December 2008</b>
	<b>\$000</b>	<b>\$000</b>
<b>2. Change in fair value of investments in financial assets classified at fair value through the profit &amp; loss</b>		
- Unrealised (losses)/gains in net fair value of investments	21,113	(251,786)
- Realised gains on sale of investments	605	43,014
- Realised losses on sale of investments	(921)	(13,991)
	20,797	(222,763)

**3. Cash and cash equivalents**

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise:

- Cash at bank	14,938	25,065
	14,938	25,065

Cash at bank and in hand earn interest at floating rates based on daily bank deposit rates.

The fair value of cash and cash equivalents is \$14,938,000 (2009: \$25,065,000).

	<b>31 December 2009</b>	<b>30 June 2009</b>
	<b>\$000</b>	<b>\$000</b>
<b>4. Investments in financial assets</b>		
(i) Investments at fair value through Profit and Loss		
(a) Listed equities	118,351	87,190
(b) Unlisted equities	28,123	28,123
(c) Derivatives		
- Options on convertible notes and mezzanine facilities	3,844	5,391
(ii) Interest bearing securities		
- Convertible notes and mezzanine facilities	10,000	10,000
	160,318	130,704

**LINQ RESOURCES FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	<b>31 December 2009 \$000</b>	<b>30 June 2009 \$000</b>
<b>5. Distributions Payable</b>		
(a) Distribution payable		
- for year ended 30 June 2009	-	1,701
	-	1,701
(b) Per unit distribution		
- for year ended 30 June 2009	-	0.01 cent
<b>6. Movement in units on issue and options</b>	<b>31 December 2009 Number '000</b>	<b>31 December 2008 Number '000</b>
(a) Units on issue		
Units on issue as at beginning of financial year	237,706	227,252
Units issued pursuant to the distribution reinvestment plan	557	7,160
Private placement	-	3,765
Units issued on exercise of options	-	-
Unit buyback	-	(6,180)
	-	-
Units on issue as at the financial half year end	238,263*	231,997*
* Includes 67,640,071 units classified as Treasury Stock.		
(b) Options on issue	<b>Number '000</b>	<b>Number '000</b>
Options on issue as at beginning of financial year	10,061	20,121
Options issued during the year	-	-
Options converted	-	-
Options lapsed	-	-
Options on issue as at the financial half year end	10,061	20,121

## LINQ RESOURCES FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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#### 7. Segment Information

For management purposes, the Fund is organised into one main operating segment, which invests in equity securities, debt instruments and related derivatives. All of the Fund's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Fund as one segment. The financial results from this segment are equivalent to the financial statements of the Fund as a whole.

#### 8. Events after the Balance Sheet Date

There has not been any matter or circumstance arising after 31 December 2009, not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Fund.

#### 9. Commitments and Contingencies

LinQ Capital Limited, in its capacity as responsible entity for the Fund, continues with its previously announced on-market buyback of the Fund's units. At balance date LinQ Capital Limited had not bought back any units, with a balance of potentially 23,826,265 units to be bought back by the Fund.

#### 10. Related Parties

##### (a) Responsible Entity

The Responsible Entity is LinQ Capital Limited ("LinQ"). LinQ is responsible for the day to day management of the Fund. Effective 10 March 2004 LinQ received its Australian Financial Services Licence ("AFSL"). LinQ's licence is broadly for the provision of general advice to retail persons and personal advice to wholesale persons and entities, dealing in financial products and the operation of a registered scheme. Perpetual Corporate Trust Limited is the custodian of the Fund.

##### (b) Directors

The names of the persons who were Directors of LinQ at any time during the half year ended 31 December 2009 and up to the date of this report were as follows: Mr Clive Donner, Mr Gordon Toll, Mr Graham Fariss, Mr Bruno Camarri, Mr Nicholas Lattimore and Ms Jyn Sim Baker.

##### (c) Fees and reimbursements

###### *Management fees*

- Under the Fund Constitution, the Responsible Entity is entitled to receive fees monthly in advance calculated at 1.75% (exclusive of GST) per annum on Gross Asset Value as defined under the Fund Constitution.

Management fees, excluding GST, paid to the Responsible Entity for the half year ended 31 December.

- \$1,480,350 (2008: \$2,175,238) to LinQ Capital Limited.

###### *Performance fee*

- Under the Fund Constitution, the Responsible Entity is also entitled to an annual performance fee which is determined by reference to the prescribed formula in the Constitution. The performance fee is payable when the performance of the Fund, as measured under the requirements of the Constitution, over the performance calculation period exceeds the performance of the Small Resources Accumulation Index over the same performance calculation period. The Responsible Entity's performance fee is calculated at end of

## LINQ RESOURCES FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

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the financial year and is payable after the end of the financial year, and after the auditor's review of the calculation, on a date determined by the Responsible Entity.

Performance fee, excluding GST, payable to the Responsible Entity for the financial year is:

- \$Nil (2008: \$Nil) to LinQ Capital Limited.

#### *Reimbursed expenses from the Fund*

During the year the Responsible Entity incurred certain expenses on behalf of the Fund of \$454,071 (2008: \$455,820). These costs were reimbursed by the Fund in accordance with the Fund's Constitution.

#### *Reimbursed directors fees from the Fund*

The Board determines the aggregate level of director's fees to be paid. During the half year ended 31 December 2009 fees of \$167,500 (2008: \$167,500) was paid or is payable to LinQ Capital Limited as a reimbursement of Director's fees for non-executive Board members. These amounts are included in the above reimbursed expenses.

#### **(d) Related party transactions**

Transactions between the Fund and the Responsible Entity during the year are outlined in note 10(c) above.

The following transactions with other related parties occurred during the year.

- Mr Clive Donner is a Director and has an indirect interest in LinQ Capital Limited (the Responsible Entity) and LinQ Management Pty Ltd (the Investment Manager). LinQ Capital Limited receives a benefit as Responsible Entity of the Fund and LinQ Management Pty Ltd has an interest in LinQ Resources Fund pursuant to the rights and obligations under the Investment Management Agreement.
- LinQ Capital Limited received \$1,480,350 (2008: \$2,175,238) excluding GST, for the management of the Fund and is entitled to receive a performance fee of \$Nil (2008: \$Nil). LinQ Capital Limited is a wholly owned entity of Ashdon Nominees Pty Ltd, a company in which Mr Clive Donner is a Director.
- Mr Bruno Camarri was a former Partner and is now a consultant to Freehills, a legal firm. During the year ended 30 June 2009 the Fund paid Freehills the amount of \$3,839 (2008: \$69,338) in legal expenses.

The Fund earned interest income of \$Nil (2008: \$30,501) on interest bearing securities with Millennium Minerals Limited. Mr Donner is a Director of Millennium Minerals Limited.

All related party transactions are made in arms length transactions on normal commercial terms and conditions. Outstanding balances at year end are unsecured and settlement occurs in cash.

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**DIRECTORS' DECLARATION**

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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 2009 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**



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**Clive Donner  
Director**

Perth, 24 February 2010



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To the unitholders of the LinQ Resources Fund

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of the LinQ Resources Fund, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity of the Fund 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 establishing 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 Interim and Other Financial Reports 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 consolidated entity's financial position as at 31 December 2009 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*. As the auditor of the LinQ Resources Fund and the entities it controlled during the half-year, 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 the Responsible Entity for the Fund a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report

Liability limited by a scheme approved  
under Professional Standards Legislation

TD:MJ:LINQ:013



### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the LinQ Resources Fund is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 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*.

*Ernst & Young*

Ernst & Young

*T G Dachs*

T G Dachs  
Partner  
Perth  
24 February 2010

**LINQ RESOURCES FUND**

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**MANAGEMENT AND ADMINISTRATION DIRECTORY**

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**RESPONSIBLE ENTITY**

LinQ Capital Limited  
Australian Financial Services Licence 239785

**MANAGER**

LinQ Management Pty Ltd

**REGISTERED OFFICE**

Level 2, 41 - 43 Ord Street, West Perth, WA, 6005  
Telephone: +61 (0)8 9488 8888 Fax: +61 (0)8 9481 0666

**UNIT REGISTRY**

Computershare Investor Services Pty Ltd, 452 Johnstone Street, Abbotsford, VIC, 3067  
Telephone: +61 (0)3 9415 5000 Fax: +61 (0)3 9473 2500

**OPERATING OFFICE**

LinQ Capital Limited  
Level 2, 41 – 43 Ord Street, West Perth WA 6005  
Telephone: +61 (0)8 9488 8888 Fax: +61 (0)8 9481 0666

**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 Durack  
Level 2, 41 – 43 Ord Street, West Perth WA 6005

**CUSTODIAN**

Perpetual Corporate Trust Limited  
Level 12, Angel Place, 123 Pitt Street, Sydney NSW 2000

**AUDITORS AND TAX ADVISERS TO THE FUND**

Ernst & Young  
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