

LINQ RESOURCES FUND

PRODUCT DISCLOSURE STATEMENT

Issued by LinQ Capital Limited ABN 66 098 197 258 AFSL 239785 as Responsible Entity of the LinQ Resources Fund ARSN 108 168 190

For the grant of 1 free Option for every 5 Units held by each Eligible Unitholder recorded in the Register on the Record Date of Friday 18 April 2008.

This document is important. It should be read in its entirety. If you are in doubt as to the course you should follow, you should consult your financial, legal or other professional adviser.

UNITHOLDERS ARE NOT REQUIRED TO TAKE ANY ACTION IN RELATION TO THE GRANT OF OPTIONS PURSUANT TO THIS PRODUCT DISCLOSURE STATEMENT

Important Notices

This Product Disclosure Statement is dated 21 April 2008.

This PDS does not constitute an offer of interests in any jurisdiction other than Australia and New Zealand. Options will be granted to Eligible Unitholders only and will not be granted to any Unitholder with a registered address outside of Australia and New Zealand.

The information in this PDS may change from time to time. The Responsible Entity may provide updated non-material information at its website: linqresources.com.

The Responsible Entity and its directors do not guarantee the performance or success of the Fund.

The Responsible Entity has not authorised any person to give any information, or make any representation, in connection with the grant of Options which is not contained in this PDS or is inconsistent with it. Any such information or representation may not be relied upon as having been authorised by the Responsible Entity.

Perpetual Corporate Trust Limited has given its consent to be named in this Product Disclosure Statement as Custodian of the LinQ Resources Fund. The Custodian has had no involvement in the preparation of any part of this Product Disclosure Statement. The Custodian expressly disclaims and takes no responsibility for any other part of this Product Disclosure Statement. It makes no statement in this Product Disclosure Statement and has not authorised or caused the issue of it. The Custodian does not guarantee the success of the LinQ Resources Fund or any particular rate of capital or income return.

Throughout the PDS certain defined terms are used. These defined terms appear in the Glossary in the PDS.

Contacting Us:

Enquires from Unitholders should be addressed to:

LinQ Capital Limited
Ground Floor
24 Outram Street
West Perth WA 6005
Tel: (08) 9488 8888
Fax: (08) 9481 0666

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Chairman's letter

21 April 2008

Dear Unitholder

On 26 March 2008 your Fund successfully completed the acquisition of the units formerly held by the arbitrage funds managed by Carrousel Capital and Weiss Capital. These units are held by the Fund's wholly-owned sub-trust LRF2 until the units can be sold.

As foreshadowed in the ASX release dated 21 January 2008, the Fund will grant free Options to the Fund's Eligible Unitholders. LRF2 will not participate in the grant of Options.

Further details of the terms of the Options, together with the timing for their grant, are set out in Chapters 2 and 3 of this Product Disclosure Statement.

On behalf of my fellow Board members I thank you for your continued support of the LinQ Resources Fund.

Gordon Toll
Chairman
LinQ Capital Limited

1 Purpose of Product Disclosure Statement

This PDS has been prepared by the Responsible Entity for the purpose of:

1. providing information to Eligible Unitholders about the Options and the Fund;
and
2. providing disclosure for the purposes of the secondary sale provisions of the Corporations Act as they apply to both the Options and the underlying Units.

2 Timetable and Key Dates

Key dates for the grant of the Options are set out in the table below:

Event	Date
ASX announcement that sale of 100% of Weiss Units and Carrousel Units has occurred	26 March 2008
Lodgement of Appendix 3B with ASX	27 March 2008
Last day Units trade on ASX 'cum' grant	11 April 2008
Units trade on ASX 'ex' grant	14 April 2008
Record Date to identify Eligible Unitholders	5pm Perth time on 18 April 2008
Printing and posting of PDS to Eligible Unitholders	24 April 2008
Despatch date - Grant Options and post Option certificates to Unitholders	24 April 2008

3 Details of Grant of Options

3.1 The Grant

Following the successful passing of the resolutions at the meeting of Unitholders on 22 February 2008 and the settlement of the purchase of the units proposed by those resolutions, the Fund will grant 1 free Option for every 5 Units held by Eligible Unitholders who are registered on the Record Date.

The Options will be issued in three separate, equal tranches comprising Class A Options, Class B Options and Class C Options. Fractional entitlements to Options will be rounded down to the nearest whole number.

The total number of Options to be issued will be approximately 30,186,461.

3.2 Purpose of the Grant

The funds received by the Fund resulting from the exercise of the Options will be used by the Fund for investment purposes and for any other purpose permitted by the Fund's Constitution.

It is not possible to state the maximum amount that could be raised from the exercise of each tranche of Options, assuming 100% participation, because the exercise price is determined using a formula which utilises a future ASX market price.

3.3 No transfer and no ASX quotation

The Options are not transferable (subject to the limited exception set out in clause 6.1(l)).

The Responsible Entity will not make application to ASX for Official Quotation of the Options. The Options cannot be traded on the ASX.

4 LinQ Resources Fund Investment Portfolio

The LinQ Resources Fund Investment Portfolio as at 7 March 2008 (**Investment Portfolio**) was announced to the ASX on 12 March 2008 and is incorporated by reference into this PDS. The information set out below is provided for the purpose of enabling you to determine whether or not you wish to obtain a copy of the Investment Portfolio.

The Investment Portfolio contains important information regarding:

- 1 the identity of each company in which the Fund held securities as at 7 March 2008 (**Company**);
- 2 the class of securities in respect of each Company;
- 3 the domicile of each Company;
- 4 the number of securities held by the Fund in respect of each Company; and
- 5 the current market value of each Company's securities as at 7 March 2008.

A copy of the Investment Portfolio is available for inspection during normal business hours at the registered office of the Responsible Entity. The Responsible Entity will send a copy of the Investment Portfolio free of charge to any person who requests a copy. To request a copy, please contact the Responsible Entity during normal business hours (WST).

5 Financial Information

5.1 Capital structure

The capital structure of the Fund as at 31 March 2008 is:

Total number of Units on issue:	218,749,717
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The pro-forma capital structure of the Fund as at 31 March 2008, assuming the grant of Options has taken place and that the Units held by Unitholders with a registered address outside of Australia and New Zealand is the same number held as at 31 March 2008, is:

Total number of Units on issue:	218,749,717
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Total number of Options on issue:

Class A	10,062,153
Class B	10,062,153
Class C	10,062,153

5.2 Statement of Financial Position

Set out below are the Statements of Financial Position of the Fund as at 30 June 2007, 31 December 2007 and 31 March 2008:

	Audited 30 June 2007 \$000	Reviewed 31 December 2007 \$000	Unaudited 31 March 2008 \$000
Assets			
Cash and cash equivalents	100,277	68,058	6,837
Trade and other receivables	487	1,184	3,526
Investments in financial assets at fair value through profit & loss	293,037	417,255	303,482
Total Assets	393,801	486,497	313,845
Liabilities			
Distribution payable	19,855	-	-
Trade and other payable	1,955	4,445	606
Interest bearing loan	-	-	35,592
Total Liabilities	21,810	4,445	36,198
Net assets attributable to Unitholders	371,991	482,052	277,647
Net Asset Value per Unit	1.60	2.15	1.84*

* The NTA represents pre- tax NTA and has been calculated after excluding the 67,640,071 units held by LinQ Capital No 2 Pty Ltd as trustee of LRF2, which is wholly owned by the Fund. These units will only be taken into account for NTA calculation purposes when they are on-sold.

6 Rights attaching to Options

6.1 Terms and conditions of Options

The material terms of the Options are as follows:

- (a) No consideration is payable for the grant of an Option.
- (b) Each Option gives the Option holder the right (but not the obligation) to subscribe for one fully paid Unit.
- (c) The exercise price payable upon exercise of each Option will be an amount equal to a 10% discount to the volume weighted average trading price of the Units on the last five trading days (as defined in the Listing Rules) in May of:
 - (1) 2008 for the Class A Options, exercisable on 16 June 2008;

- (2) 2009 for the Class B Options, exercisable on 16 June 2009; and
- (3) 2010 for the Class C Options, exercisable on 16 June 2010,

(Exercise Price).

- (d) The Responsible Entity will provide written notification to each Option holder of the Exercise Price within the five Business Days following 1 June in each year.
- (e) Notification of an Option holder's wish to exercise the Option must be received during the period:
 - (1) beginning on the date on which the Responsible Entity provides notice to the Option holder of the Exercise Price for that class of Option; and
 - (2) ending at 5pm (EST) on 16 June in the same year that the Responsible Entity notifies the Option holder of the Exercise Price,

(Exercise Notification Period).

- (f) If an Option holder wishes to exercise his or her Options then he or she must lodge with the Registry during the Exercise Notification Period:
 - (1) a written notification specifying the number of Options which are to be exercised in the form determined by the Responsible Entity from time to time;
 - (2) a cheque or other cleared funds acceptable to the Responsible Entity for the Exercise Price for the Options to be exercised;
 - (3) the option certificate or certificates for the Options to be exercised, for cancellation by the Responsible Entity; and
 - (4) any information required pursuant to anti-money laundering legislation and requested by the Responsible Entity in the written notification provided pursuant to clause 6.1(d),

(Exercise Notification).

- (g) If a valid Exercise Notification is received during the Exercise Notification Period then an Option is automatically exercised on 16 June in the year of exercise (or the following Business Day if 16 June is not a Business Day) **(Exercise Date)**.
- (h) Each class of Option will automatically lapse at the end of the Exercise Notification Period for the class of Option **(Expiry Date)**.
- (i) Within 5 Business Days after the Exercise Date and receipt of the Exercise Notification accompanied by the Exercise Price and the evidence of ownership of the Options referred to in clause 6.1(f) above, the Responsible Entity will, if it is not a breach of any law to do so, issue and allot the number of Units specified in the notice.
- (j) All fully paid Units issued upon the exercise of an Option will upon issue rank *pari passu* in all respects with all other fully paid Units from the date of issue, including entitlements to receive trust income.
- (k) Subject to clause 6.1(l) below the Options may not be transferred at any time.
- (l) Options may be transferred pursuant to a Court order to do so, or to a personal representative if the Option holder is deceased. In order to implement a transfer the transferee must lodge with the Registry a duly signed transfer form acceptable to the Responsible Entity.
- (m) In the event of any reorganisation of the issued Units of the Fund before the Expiry Date, the rights of an Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reorganisation of capital at the time of the reorganisation.
- (n) There are no participating rights or entitlements inherent in an Option and an Option holder will not be entitled to participate in a new issue of Units offered to Unitholders during the currency of the Option (whether by way of bonus issue, rights issue or other pro rata issue to Unitholders) without exercising the Option.

- (o) If the Responsible Entity issues a new Unit upon exercise of an Option then the Responsible Entity will apply to the ASX for quotation of that new Unit in accordance with the requirements of the Listing Rules.
- (p) These terms and conditions are binding on the personal and legal representatives of the Option holder.
- (q) Options automatically lapse if there is a change in control of the Option holder and the Responsible Entity does not, in its absolute discretion, consent to that change. The Responsible Entity has the right to investigate a change in control transaction involving the Option holder and request information and documents regarding the transaction from the Option holder.

7 Rights attaching to Units following issue

A copy of the Fund Constitution has been lodged with ASIC and is incorporated by reference into this PDS.

A copy of the Constitution is available during normal business hours at the registered office of the Responsible Entity. The Responsible Entity will send a copy of the Constitution free of charge to any person who asks for it. To request a copy, please contact the Responsible Entity during normal business hours (WST).

The Constitution contains important information relating to the duties, rights and obligations of the Responsible Entity and the Unitholders, including information on the following matters:

- General;
- Duration of Fund;
- General rights of Unitholders;
- Liability of Unitholders;
- The issue of new Units;
- Options;
- Powers of the Responsible Entity;
- Unit Register;
- Unit and Option certificates;
- Transfer of Units or Options;
- Forfeiture of Units;
- Redemption of Units;
- Income and Distributions;
- Winding Up;
- Modification of the Constitution
- Responsible Entity interested in dealings;
- The Responsible Entity's exercise of powers;
- Validity of dealings and securities;
- Accounting records, reports and valuations of investments;
- Auditor of financial reports and auditor of compliance plan;
- Remuneration of the Responsible Entity;
- Indemnity;
- Payment of costs and expenses out of Fund;

- Compliance Committee members;
- Limitation of the Responsible Entity's liability;
- Retirement and removal of Responsible Entity;
- Representations and warranties by Unitholders;
- Meetings of Unitholders;
- Withdrawing from the Fund;
- Complaints;
- Unmarketable parcels; and
- Buy-back of Units by Responsible Entity.

8 Risk factors

All investments involve varying degrees of risk. While there are many factors which may impact on the performance of any investment, the summary below details some of the major risks that investors should be aware of when investing in the Fund.

The Directors of the Responsible Entity recommend that investors should, amongst other things, carefully consider the risks factors listed below, as well as others described elsewhere in this PDS, when evaluating the Fund and its prospects.

Investors should ensure they obtain appropriate professional advice regarding the suitability of an investment in the Fund having regard to their individual circumstances including investment objectives, their level of borrowings, their financial situation and individual needs.

8.1 Investment entities

Securities in listed investment entities may trade at a discount to the value of their underlying assets.

8.2 General economic conditions

The Fund will face risks that may impact on its results, including: movements in domestic and international interest rates, debt markets and share markets; movements in the Australian dollar and world commodity prices; economic conditions in Australia and overseas; and other factors which cannot be controlled by the Responsible Entity, the Investment Manager or directors of investee companies.

8.3 Market conditions

Mining and exploration can be highly speculative. The ability of the Fund to benefit from investments in the resources sector will depend, to some extent, on market factors. World market prices for natural resources are subject to many variables and may fluctuate widely. Potential revenues that investee companies may receive for natural resources that may be exploited are also subject to fluctuation.

8.4 Operating risks

The operating results of the Fund will largely depend on the ability of the Investment Manager to select, and the decision by the Directors of the Responsible Entity to make, sound investments. The investment in mining and exploration companies is subject to significant risks inherent in the activities of these investee companies.

8.5 Mining and exploration risks

Exploration is a speculative endeavour that might not result in finding economic deposits. Mining operations may be hampered by a variety of circumstances that may or may not be within the control of the investee companies and/or the Fund.

8.6 Title to tenements

To the extent that investee companies have mining tenements, if the conditions imposed by licences and mining legislation are not complied with, there is the risk that the title to such tenements could be lost.

8.7 Lack of liquidity of assets

Investments in small resource companies often lack liquidity.

8.8 Political risks

Depending on the location of its exploration and mining activities, an exploration and/or mining company may be subject to political and other uncertainties, including risk of civil rebellion, labour disputes, expropriation, nationalisation, renegotiation or nullification of existing contracts, mining licences and permits or other agreements.

8.9 Native title

It is possible that there may exist on the investee companies' tenements a form of native title which reflects the entitlement of the indigenous inhabitants to their traditional lands and could result in exploration/mining restrictions and/or claims for compensation. Tenements in foreign countries may be subject to the equivalent concept under the laws of those foreign jurisdictions. Australian native title is recognised and protected under the *Native Title Act 1993* (Cth). There remains some uncertainty as to what Australian native title entails. Future Australian court decisions and legislation may increase or decrease the risks for investee companies, the Fund and Unitholders in relation to Australian native title issues.

8.10 Taxation risk

The after-tax returns in the hands of Unitholders may be influenced by changes in taxation laws or their interpretation.

8.11 Borrowing risk

Under the Constitution the Fund may borrow up to 33% of the Gross Asset Value of the Fund. The effect of borrowings is that gains and losses are magnified. Borrowing also increases risk in relation to both the stability of returns and the return on capital.

8.12 Interest rate risk

The Responsible Entity may use borrowings to enhance the returns of the Fund. The Fund may therefore be exposed to any movements in interest rates on these borrowings.

8.13 Information available

The nature and extent of the Responsible Entity's enquiries may be limited to information that is publicly available. This means there is a risk that there may be information that is material about one of the mining assets which is not publicly available and therefore is not available to the Responsible Entity.

8.14 Investment Manager

The Fund is dependent on the Investment Manager to manage current investments and source new investment opportunities.

8.15 Exchange rate risk

The Fund may make some investments in offshore companies. Adverse currency movements will impact the returns to Unitholders. In addition currency movements may impact the profitability and viability of certain companies in which the Fund invests.

8.16 Regulatory risk

The ability of the Responsible Entity and the Investment Manager to continue to operate and manage the Fund in accordance with the Corporations Act is dependent on the maintenance of the Responsible Entity's Australian Financial Service licence and its continued solvency. Maintenance of this licence depends, among other things, on the Responsible Entity continuing to comply with the ASIC imposed licence conditions and the Corporations Act.

9 Fees and Costs

By law the Responsible Entity is obliged to provide you with the following Consumer Advisory Warning at the beginning of this fees and costs section.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100 000 to \$80 000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

An investment in the Fund is subject to a range of fees and costs. The Responsible Entity is entitled to be reimbursed out to the Fund for all direct and indirect costs properly incurred in establishing, managing and administering the Fund. The table below shows the fees and other costs that you may be charged.

9.1 Fees and other costs table

The following table shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investments or from the Fund assets as a whole. Tax costs are set out in another section of this PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of Fee or Cost	Amount	How & when paid
Fees when your money moves in or out of the Fund		
<i>Establishment fee</i>		
The fee to open your investment.	Nil	Not applicable
<i>Contribution fee</i>		
The fee on each amount contributed to your investment.	Nil	Not applicable
<i>Withdrawal fee</i>		
The fee on each amount you take out of your investment.	Nil	Not applicable
<i>Termination fee</i>		
The fee to close your investment.	Nil	Not applicable
Management Costs		
The fees and costs for managing your investment.	Management fee of 1.75% (1.925% inclusive of GST) per annum of the Gross Asset Value of the Fund	Calculated and paid monthly in advance and deducted from the assets of the Fund. Payable after the first day of each month.
	Performance fee of the lesser of 20% (22% inclusive of GST) of the amount of the increase in the value of the Fund and 20% (22% inclusive of GST) of the amount by which an increase in the value of the Fund exceeds the relative increase in the S&P/ASX Small Resources Accumulation Index.	Calculated on an annual basis during the 12 month period ending 30 June each year and deducted from the assets of the Fund. Payable after 30 June each year.
Service Fees		
<i>Investment switching fee</i>		
The fee for changing your investment options.	Nil	Not applicable

9.2 Additional Explanation of Fees and Costs

Custodian Fee

The Custodian has an entitlement to an annual fee of 0.025% (0.0275% inclusive of GST) of the Gross Asset Value, with a minimum fee of \$25,000 (\$27,500 inclusive of GST) (with CPI adjustments) per annum. The Custodian and the Responsible Entity have agreed that the annual fee for the two year period commencing 1 January 2007 is \$60,000 (\$66,000 inclusive of GST). The Custodian has reserved the right to review this fee in certain circumstances before the expiry of this two year period. The fee is to be paid on a quarterly basis out of the Fund's assets.

The Custodian will also be paid the costs and expenses properly paid, or incurred, by it to third parties for execution costs, RTGS fees, courier fees, bank charges and market associated charges.

Management Fee

A Management Fee of 1.75% (1.925% inclusive of GST) per annum of the Gross Asset Value of the Fund is calculated and paid monthly in advance after the first day of each month. The Management Fee is deducted from the assets of the Fund.

Example of Management Fee

If the gross assets under management for the year amounted to \$10,000,000 then the annual Management Fee would be \$175,000 (\$192,500 inclusive of GST).

The Management Fee example above is provided for illustrative purposes only.

Performance Fee

The management costs detailed in the table above include the Performance Fee. The Performance Fee is calculated on an annual basis and is the lesser of 20% (22% inclusive of GST) of the amount of the increase in the value of the Fund and 20% (22% inclusive of GST) of the amount by which an increase in the value of the Fund exceeds the relative increase in the S&P/ASX Small Resources Accumulation Index. No Performance Fee will be paid unless the Fund increases in value above the level at which a Performance Fee was last paid. If a Performance Fee is not payable at the end of a financial year, the calculation period for determining the Performance Fee is extended by a further 12 months. As a result any negative return or underperformance against the S&P/ASX Small Resources Accumulation Index will have to be recovered before a Performance Fee will be paid to the Responsible Entity.

Example of Performance Fee

If for example the Fund has outperformed the relevant benchmark by an amount of \$1,000,000 then the Performance Fee payable would be \$200,000 (\$220,000 inclusive of GST).

The Performance Fee example above is provided for illustrative purposes only.

Tax costs

Tax costs are set out in section 11.1 of this PDS.

10 Material Agreements

The Responsible Entity has entered into an Investment Management Agreement and Custody Agreement.

10.1 Investment Management Agreement

A summary of the Investment Management Agreement is included in Section 15.1 of the Product Disclosure Statement dated 11 October 2004 (**2004 PDS**) and is incorporated by reference into this PDS.

The summary of the Investment Management Agreement in the 2004 PDS contains important information regarding:

- The general purpose of the Investment Management Agreement;
- The powers, duties and warranties of the Investment Manager;
- The Responsible Entity's right to terminate the Investment Management Agreement;
- Remuneration of the Investment Manager;
- Investment instructions from the Responsible Entity to the Investment Manager;
- Investment decisions and Board approval;
- Insurance;
- Non-exclusivity;
- Assignment of rights;
- Indemnity in favour of the Investment Manager;
- The Investment Manager's costs, expenses and taxes; and
- The custodian.

10.2 Custody Agreement

A summary of the Custody Agreement is included in Section 15.2 of the 2004 PDS and is incorporated by reference into this PDS.

The summary of the Custody Agreement in the 2004 PDS contains important information regarding:

- General purpose of the Custody Agreement;
- Responsible Entity's obligation to indemnify the Custodian;
- Custodian fees and expenses; and
- Termination of the Custody Agreement.

The information set out above is provided for the purpose of enabling you to determine whether or not you wish to obtain a copy of the summaries of the Investment Management Agreement or Custody Agreement contained in the 2004 PDS.

The summaries of the Investment Management Agreement and Custody Agreement are contained in the 2004 PDS which has been lodged with ASIC. A copy of the 2004 PDS is available for inspection during normal business hours at the registered office of the Responsible Entity. The Responsible Entity will send a copy of the 2004 PDS free of charge to any person who requests a copy. To request a copy, please contact the Responsible Entity during normal business hours (WST).

11 Additional Information

11.1 Taxation Implications

(a) Australian taxation

The following comments deal only with the Australian taxation implications of the grant of Options under this PDS to Australian tax resident Eligible Unitholders holding their Units on capital account. The following comments do not apply to Eligible Unitholders who, for example, carry on a business of trading in units or who are non-residents for Australian taxation purposes.

These comments are general in nature and are based on the law in force in Australia and announced legislative changes at the time of issue of this PDS, including changes announced by the former Minister for Revenue and Assistant Treasurer in a press release dated 26 June 2007 (**Press Release**).

The precise taxation implications will depend upon each Eligible Unitholder's specific circumstances and any legislation enacted to give effect to the Press Release. Accordingly, all Eligible Unitholders should seek their own independent taxation advice before reaching conclusions as to the possible taxation consequences of the grant of Options under this PDS. Neither the Fund, nor any of its directors, nor its Responsible Entity, nor its taxation or other advisers, accept any liability or responsibility in respect of any statement concerning the taxation consequences of the grant of Options under this PDS in relation to particular Unitholders.

(b) Assessable Ordinary Income

Historically, options offered by a unit trust to its Unitholders to acquire units in the trust have generally been treated as not giving rise to any assessable ordinary income for the Unitholders at the time the options are granted.

In 2007 the High Court of Australia handed down its decision in the case of *Federal Commissioner of Taxation v McNeil*. This case dealt with 'sell-back rights', which are similar to options, provided by a bank to its shareholders. The majority decision in *McNeil* was that the value of such rights would be regarded as ordinary income in the hands of the (bank's) shareholders at the time the rights were provided. Unlike the sell-back rights, the Options granted under this PDS will not be quotable on the ASX or transferable. However despite these distinctions, it is possible the Options could be assessable in the hands of Eligible Unitholders (on the basis of the reasoning in *McNeil*).

The former Minister for Revenue and Assistant Treasurer announced, in the Press Release, amendments to Australia's income taxation law to restore the long-standing taxation treatment of rights issues as being on capital account and not on income account for taxation purposes. It was proposed that the amendments will apply retrospectively starting from the 2001-2002 income year. The amendments are intended to ensure that shareholders issued with rights by companies seeking to raise capital will not have a taxation liability at the time of issue of the rights.

Options granted for no consideration are equivalent to rights, and they are treated in the same way for capital gains tax purposes. The Press Release referred to companies, shareholders and rights and did not mention unit trusts and options. However as the situations are analogous it would be illogical and inconsistent if the change did not also apply to unit trusts and options.

Based on legislation being enacted that is consistent with the statements in the Press Release, you should not derive assessable income on the issue of Options. If such legislation is not enacted an assessable amount of ordinary income may arise on the issue of Options. This income would equal the value of the Options at the time of grant.

(c) Capital Gains Tax

On receiving your Options you should not make a capital gain, and there should be no cost base reduction in respect of your existing Units.

If you choose to exercise your Options, the cost base for the new Units will include the amount you paid to acquire the new Units plus any non-deductible incidental costs you incurred to acquire the new Units. The cost base would also include any amount assessed as ordinary income on issue. Distributions in respect of the new Units will be subject to the same taxation treatment as distributions on your existing Units.

You will make a taxable capital gain on the disposal of your new Units if the capital proceeds received from disposal exceed your cost base in the new Units. The disposal will give rise to a capital loss if the capital proceeds received from the disposal are less than your reduced cost base in the new Units.

The new Units that you acquire as a result of exercising your Options will be treated as having been acquired on the date that the new Units are issued and allotted. If the new Units are held for at least 12 months after this date, Eligible Unitholders who are entitled to access the capital gains tax discount (individuals, trustees and complying superannuation funds) should be able to apply the applicable capital gains tax discount on disposal of their new Units.

(d) Stamp Duty

No stamp duty will be payable on grant, exercise or expiry of the Options, or when you subsequently dispose of Units acquired from exercising the Options, provided that at the time of issue the Fund is not a 'private unit trust scheme' for the purpose of sub-section 63(2) of the Stamp Act 1921 (WA).

(e) Goods and Services Tax (GST)

The acquisition of Units as a result of exercising your Options will be classified as a 'financial supply' for Australian GST purposes. This means Australian GST of 10% will not apply to any money you pay in consideration for the Units issued by the Fund on the exercise of your Options.

11.2 Directors' interests

Both the Responsible Entity and the Investment Manager are companies controlled by Mr Clive Donner, and Mr Clive Donner is also a director of the Responsible Entity and of the Investment Manager. Further details regarding the Investment Manager are contained in clause 11.3.

The interests of the Responsible Entity's Directors are:

Director	Units held in LinQ Resources Fund
Gordon Toll	0
Bruno Camarri	106,051
Clive Donner	693,931
Graham Fariss	154,689
Nicholas Lattimore	50,000
Jyn Sim Baker	0

11.3 Investment Manager

LinQ Management Pty Ltd is the Investment Manager of the Fund and has been engaged by the Responsible Entity to manage the Investment Portfolio of the Fund. Further details regarding the Investment Management Agreement are contained in section 9 of the PDS.

The Investment Manager will implement the investment strategy and manage the Fund's Investment Portfolio in accordance with the Investment Management Agreement. Investment proposals by the Investment Manager currently require approval by the Board or a subcommittee of the Board of the Responsible Entity.

The Investment Manager will be paid by the Responsible Entity out of the fees the Responsible Entity is entitled to receive out of the Fund.

11.4 Consents to be named

Computershare Investor Services Pty Ltd consents to be named in this PDS as the Unit Registry.

Perpetual Corporate Trust Limited consents to be named in this PDS as the Custodian.

Ernst & Young consents to the statements on page 7 on this PDS that the financial results of the Fund have been audited or reviewed.

11.5 Enquiries and Complaints

The Responsible Entity has established procedures to ensure that all enquiries and complaints are properly considered and responded to within a reasonable time from the date of receipt of the complaint. If you have an enquiry or complaint, please write to:

The Complaints Officer
LinQ Capital Limited
Ground Floor
24 Outram Street
Perth WA 6006

The Responsible Entity is a member of the external dispute resolution scheme operated by the Financial Industry Complaints Service Limited (FICS). If you are dissatisfied with our response, you may write to them at Box 579, Collins Street, West Melbourne, Victoria 8007 or contact them on 1300 780 808.

The Australian Securities and Investments Commission also operates an infoline on 1300 300 630 which you may use to make a complaint or obtain information about your rights.

If you are still not satisfied with the outcome, you may wish to take independent legal advice to consider your further options.

11.6 Labour standards and environmental, social or ethical considerations

Labour standards or environmental, social or ethical considerations are not explicitly taken into account by the Responsible Entity when making investment decisions.

11.7 Privacy

We use your personal information to service your needs as an investor, provide facilities and services that you request, to comply with relevant laws such as anti-money laundering, and to carry out appropriate administration of the Fund.

By writing to the Responsible Entity, you can request access to your personal information which is held by the Responsible Entity. The Responsible Entity will assess your request in accordance with the National Privacy Principles.

We may disclose your personal information for purposes related to your investment to:

- the Registry for receiving and processing all applications for Units and for ongoing administration of the register of Unitholders.
- with your consent, your adviser and your adviser's dealer group;
- any third party service provider we may engage to provide custody, administration, technology, auditing, mailing or printing services;
- Government authorities when and to the extent required by law;
- any professional advisers (including legal and accounting firms, auditors, consultants and other advisers);
- other people when and to the extent required by law, such as ASIC or people inspecting the register of Unitholders as permitted by the Corporations Act;
- the ASX when and to the extent required by law and the ASX Listing Rules;
- in certain circumstances and with certain safeguards to respect your privacy, potential or actual purchasers of an interest in the Responsible Entity or the Responsible Entity's business or any part thereof; and
- underwriters, promoters, distributors of Units and Options in the Fund which the Responsible Entity may appoint in relation to any future offers or issues of Units and Options (if any).

11.8 Availability of Annual report, half year report and announcements

In accordance with section 1013 I of the Corporations Act the Responsible Entity advises that:

1. as a disclosing entity, the Fund is subject to regular reporting and disclosure obligations; and
2. copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected, at an ASIC office.

Eligible Unitholders have the right to obtain a copy of the following documents:

1. the 30 June 2007 Annual Report;
2. the 31 December 2007 Half Year Report; and
3. any continuous disclosure notices given by the Fund after the lodgement of the annual report and before the date of this Product Disclosure Statement.

11.9 Authorisation

Each Director of LinQ Capital Limited has consented to this PDS and has not withdrawn that consent.

This PDS is signed on behalf of the Responsible Entity by the director named below.

Clive Donner
 Managing Director
 LinQ Capital Limited

12 Glossary

ASIC means Australian Securities and Investment Commission.

ASX means ASX Limited.

Board means the Board of Directors of the Responsible Entity.

Business Day has the meaning given to the term “business day” in the Listing Rules.

Class A Option means the options exercisable on 16 June 2008, the terms of which are summarised in Section 6 of this PDS.

Class B Option means the options exercisable on 16 June 2009, the terms of which are summarised in Section 6 of this PDS.

Class C Option means the options exercisable on 16 June 2010, the terms of which are summarised in Section 6 of this PDS.

Constitution means the scheme constitution governing the LinQ Resources Fund.

Corporations Act means *Corporations Act 2001 (Cth)*.

CPI means Consumer Price Index (All Group) Weighted Average of Eight Capital Cities as released from time to time by the Australian Bureau of Statistics or the index substituted for it by the Australian Bureau of Statistics. If there is any suspension or discontinuance of the Consumer Price Index (All Groups) or any substituted for it by the Australian Bureau of Statistics then “Consumer Price Index” shall mean an index that the Custodian and Responsible Entity may mutually agree upon.

Custodian means Perpetual Corporate Trust Limited (ACN 000 341 533).

Custodian Fee means the custodian fee described in the Fees and Costs section of this PDS.

Custody Agreement means the agreement between the Responsible Entity and the Custodian dated 11 October 2004.

Directors means the directors of the Responsible Entity.

Eligible Unitholders means a Unitholder with a registered address in Australia and New Zealand recorded in the Register on the Record Date, but excluding LRF2.

Fund or LinQ Resources Fund means LinQ Resources Fund (ARSN 108 168 190).

Gross Asset Value means the sum of:

- (1) the value of the Assets of the Fund; and
- (2) any other amounts which in the opinion of the Responsible Entity should be included for the purpose of making a fair and reasonable determination of the value of the Fund, having regard to generally accepted accounting principles and after consultation with the auditor of the Fund’s financial reports.

Investment Manager means LinQ Management Pty Limited ACN 107 455 649.

Investment Management Agreement means the investment management agreement between the Responsible Entity and the Investment Manager dated 11 October 2004.

Listing Rules means the Listing Rules of ASX.

LRF2 means the sub-trust known as LinQ Resources No.2 which is wholly owned by the Fund.

Management Fee means the management fee described in the Fees and Costs section of this PDS.

Option means a Class A Option, Class B Option or Class C Option to be granted in accordance with the terms of issue.

Performance Fee means the performance fee described in the Fees and Costs section of this PDS.

Product Disclosure Statement or PDS means this document.

Record Date means 5pm Perth time on Friday 18 April 2008.

Register means the unit register of the Fund.

Registry means Computershare Investor Services Limited ACN 078 279 277 the registry appointed by the Responsible Entity to maintain the Register.

Responsible Entity means LinQ Capital Limited (ABN: 66 098 197 258, AFSL No. 239785) as responsible entity of the LinQ Resources Fund.

Unit means a unit in the Fund.

Unitholder means a person recorded in the Register as a holder of a Unit.

Corporate Directory

Responsible Entity

LinQ Capital Limited
 ABN: 66 098 197 258
 AFSL No. 239785
 Ground Floor
 24 Outram Street
 West Perth WA 6005
 Tel: (08) 9488 8888
 Fax: (08) 9481 0666

Directors of the Responsible Entity

Gordon Toll (Chairman)
 Clive Donner (Managing Director)
 Nicholas Lattimore
 Bruno Camarri
 Graham Fariss
 Jyn Sim Baker

Company Secretary of the Responsible Entity

Simon Durack

Auditors of the Fund

Ernst & Young
 11 Mounts Bay Road
 Perth WA 6000

Auditors of the Compliance Plan

Ernst & Young
 11 Mounts Bay Road
 Perth WA 6000

Unit Registry

Computershare Investor Services Pty Ltd
 Yarra Falls
 452 Johnson Street
 Abbotsford VIC 3067

Custodian

Perpetual Corporate Trust Limited
 Angel Place
 Level 11
 123 Pitt Street
 Sydney NSW 2000