

**LINQ RESOURCES FUND**  
 ARSN 108 168 190  
**PRELIMINARY FINAL REPORT**  
**APPENDIX 4E**

**FINANCIAL YEAR END 30 JUNE 2006**

**Results for announcement to the market**

					<b>\$ \$000</b>
<b>2.1</b>	Revenues from ordinary activities	up	160%	to	40,952
<b>2.2</b>	Income from ordinary activities attributable to unitholders	up	231%	to	37,316
<b>2.3</b>	Net income from ordinary activities attributable to unitholders	up	231%	to	37,316

		<b>Amount per ordinary unit 2006</b>	<b>Amount per ordinary unit 2005</b>
<b>2.4</b>	<b>Distributions</b>		
	Interim distribution	-	-
	Final distribution	7.5 cents	2 cents

<b>2.5</b>	Record date for determining entitlements to the final distribution	30 June 2006
	Date the final distribution is payable	18-Aug-06

	<b>2005 \$000</b>	<b>2004 \$000</b>
Final distribution amount	<u>(9,968)</u>	2,621

**Distribution Reinvestment Plan**

The LinQ Resources Fund Distribution Reinvestment Plan has been activated.

<b>2.6</b>	Refer to attached Manager's Report
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**FINANCIAL YEAR END 30 JUNE 2006**

3. Income Statement – see attached financial statements.
4. Balance Sheet – see attached financial statements.
5. Cash Flow Statement – see attached financial statements.
6. Details of distributions – see note 2 of the financial statements.
7. The LinQ Resources Fund Distribution Reinvestment Plan has been activated.
8. Statement of retained earnings – see note 6 (c) of the financial statements for an analysis of Net assets attributable to unitholders.
9. Net tangible assets per ordinary unit – refer to Balance Sheet.
10. Details of entities over which control has been gained or lost – Not applicable.
11. Details of associates and joint venture entities – Not applicable.
12. Other significant information – refer to Managers report.
13. For foreign entities – Not applicable.
14. Commentary on the results for the period – refer to Managers report.
  - 14.1 Earnings per unit – see note 14 of the financial statements.
  - 14.2 Returns to unitholders – see note 2 of the financial statements.
  - 14.3 Significant features of operating performance - refer to Managers report
  - 14.4 Segments – Not applicable
  - 14.5 Trends in performance - refer to Managers report
  - 14.6 Other factors - refer to Managers report
15. The report is based on accounts which have been audited – see auditors report for Fund attached to financial statements
16. Not applicable
17. Not applicable

# LinQ Resources Fund

ARSN 108 168 190

## Annual Report

for the year ended 30 June 2006

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## **HIGHLIGHTS**

- **231% increase in profit to \$37.3m for the year ended 30 June 2006 representing a 44% investment return <sup>1</sup>**
- **Distribution of 7.5 cents per unit, up 275% on 2005 distribution**
- **Earnings per unit of 28.3 cents up 104% from the previous year of 13.9 cents.**
- **NTA of the Fund increased from \$0.99 to \$1.29 on a pre distribution basis of 2 cents and 7.5 cents respectively.**
- **Increased level of net investment reduces cash drag from 71% of NTA at 30 June 2005 to 29% of NTA ( pre distribution payment) at 30 June 2006**

1. Investment return defined as net profit before expenses and bank interest divided by investments

## CHAIRMAN'S LETTER

Dear Unitholder

I am pleased to report that in its first full year of operations since listing on the ASX the LinQ Resources Fund has reported a record net profit of \$37.3m for the year ending 30 June 2006. This is an increase of 231% on the previous year. As a result of this strong performance the Fund has declared a distribution of 7.5 cents per unit which is equivalent to a yield of 9.0% on the basis of the unit price of \$0.83 on 30 June 2006.

The NTA of the Fund has shown strong growth over the last twelve months increasing from \$0.97 per unit on 30 June 2005 to \$1.19 at 30 June 2006, after provision for the distribution of 7.5 cents per unit. On a pre-distribution basis the NTA increased from \$0.99 at 30 June 2005 to \$1.29 at 30 June 2006.

The global equity markets continued to enjoy a further period of strong performance during the year. The resource markets again performed strongly due to appreciating metals on the back of seemingly insatiable global demand, with particular emphasis from China. Whilst there was a significant market correction during May and June, the overall picture for resources remains positive. Commodity prices are generally still well above long term averages, whilst stockpile levels remain low with little meaningful new supply coming on stream. As such, companies with producing assets are generating strong cashflows and corporate activity is increasing.

The Fund has continued to maintain its disciplined approach to investment in what has been an extremely competitive investment environment. As at 30 June 2006 the cash backing of the Fund had fallen to 28% of NTA (before distribution payment) from 71% twelve months earlier, reflecting a substantial increase in net investment activity.

The Fund also welcomed some new unitholders onto the register who have followed the progress of the Fund since listing and see that the model of yield and capital growth from its investments is delivering.

On behalf of the Board of Directors I thank you for your support throughout the year and I look forward to your continued support in the coming year.

Yours sincerely



**Gordon Toll**  
**Chairman**

## **LINQ RESOURCES FUND**

### **MANAGER'S REPORT 30 JUNE 2006**

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#### **About the LinQ Resources Fund**

The Fund:

- Was established as an unlisted trust in March 2002 by the Rothschild Australia Group, and was previously known as the Golden Arrow Fund II;
- Raised additional equity of \$83.0m and listed on the Australian Stock Exchange on 20 January 2005;
- Has an investment portfolio at 30 June 2006 of \$122.2m (excluding cash) which includes investments in companies in all stages of development from exploration through to production, across a broad range of commodities using various types of investment instruments including ordinary equity, convertible notes and call options;
- Has a net asset value of \$157.9m or \$1.19 per unit at 30 June 2006 after providing for the 2006 distribution amount of \$10.0m.

#### **Investment Strategy**

The Fund:

- Invests in smaller to medium sized resource companies,
- Invests both in Australia and overseas,
- Invests in companies at all stages of development from exploration through to production

#### **Investment Selection Criteria**

The Fund:

- Typically focuses on investments in companies that have assets with growth potential;
- Looks to back capable and aligned management;
- Looks for likely achievement of financial and operational milestones;
- Considers the potential of the company to achieve market re-rating;
- Looks to invest through an appropriate structure;
- Considers the likely exit process and liquidity of the investment; and
- Considers the likely market appeal from the broader investment community.

**The Board of Directors**

**Gordon Toll B.Eng (Hons) MBA**

**Non-executive Chairman**

- Mr Toll has had a long and distinguished career in the mining industry and brings more than 35 years mining experience to the Board of LinQ Capital Limited.
- Mr Toll has an extensive range of experience including acquisitions and new business, company/business turnaround, general of companies at all levels and public company leadership.
- During his career his major commodity experience includes iron ore, coal, borates and other non-metallic industrial minerals, copper, gold, agricultural and heavy chemicals.
- Mr Toll is a member of the Audit and Chairman of the Nomination Committee.
- Non-executive chairman of Fortescue Metals Ltd and Eastern Mediterranean Minerals Ltd and non-executive Director of Avocet Mining plc and Chairman of Compass Resources NL.

**Clive Donner B.Comm**

**Managing Director**

- Founding CEO of LinQ and has been in funds management and venture capital since 1997.
- Over 25 years of relevant expertise both in Australia and internationally in equity investment, corporate and project financing, capital raising, investment advising and evaluation of resource companies across a range of commodities and in debt and equity.
- Experience in providing structured solutions to investing in order to identify and manage the risks inherent in investing in the smaller capitalised resources sector.
- Prior to founding LinQ was head of N M Rothschild & Sons (Australia) Limited's project financing business in Perth where he provided emerging mining companies with restructuring advice, project debt and derivatives to finance the development of resources projects.
- Key member of the Bank's Investment Team during which time he pioneered the use of convertible notes in the resources sector at the Rothschild Australia Group. Prior to this he spent 9 years in senior executive positions at Citibank internationally.



## **LINQ RESOURCES FUND**

### **MANAGER'S REPORT**

**30 JUNE 2006**

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#### **Bruno Camarri LLB Non-executive Director**

- Mr Camarri is the deputy Chairman of United Group Ltd and various other public and private companies.
- Mr Camarri was partner at the legal firm, Freehills between 1973 and 2003. He practises as a corporate lawyer, primarily representing clients in the energy and resources industries. Between January 1994 and August 1996 he was the Senior Counsel for the Western Australian Commission on Government. In 1999 and 2000, Mr Camarri was nominated by the London based Euromoney Legal Group Survey as one of the world's leading energy and resources lawyers.
- Mr Camarri is a member of the Nomination Committee and Chairman of the Audit Committee.

#### **Graham Fariss B.Eng MBA Non-executive Director**

- Mr Fariss is a Civil Engineer with 25 years experience in the engineering, construction and contract mining industry. He commenced his professional career as a construction engineer and has since gained experience across all facets of the industry from construction, engineering design and project management through to business development and finance.
- Mr Fariss previously held a number of senior corporate finance and business development positions with Clough Limited (1990-2004) and more recently was a senior executive with Tethyan Copper Company where he held the position of General Manager Corporate Finance. Mr Fariss has recently moved to Mincor Resources NL to take up the role as General Manager Corporate Development.
- Mr Fariss is a member of the Audit Committee.

#### **Nicholas Lattimore B.Econ, MBA Non-executive Director**

- Mr Lattimore previously held the position of Managing Director-Head of Banking at N M Rothschild & Sons (Australia) Limited. Prior to this he was Managing Director and Head of the Structured Finance businesses at Deutsche Bank in Australia and New Zealand where the scope of his responsibilities included project advisory and finance (infrastructure, privatisation and resources), leverage finance (acquisitions, LBO, MBO, mezzanine debt and public to private) and structured finance (tax and accounting related lending and advice).

## **LINQ RESOURCES FUND**

### **MANAGER'S REPORT 30 JUNE 2006**

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#### **Gerrit de Nys B Tech, FIE Aust, FAICD, CP Eng Non-executive Director**

- Mr de Nys is a chartered Professional (Civil) Engineer and a Fellow of the Institution of Engineers, Australia and the Australian Institute of Company Directors.
- Mr de Nys has a broad range of experience in developing and managing businesses ranging from construction companies to shipyards and consumer oriented interests.
- He has more than 30 years of experience in Asia and now lives in Singapore where he is the Group Managing Director – Direct Investments of the IMC Group, corporately managed through IMC Pan Asia Alliance Pte Ltd.

#### **The Investment Team**

##### **Clive Donner – Managing Director (see previous page)**

##### **Gareth Lloyd B.Sc (Hons) Senior Investment Analyst**

- Over 24 years of relevant experience in the mining and mining finance industries.
- Operating experience in gold, base metals and coal operations in Australia, South Africa and the United Kingdom.
- Previously held a number of senior positions at Australian stockbroking firms including Resources analyst at Eyres Reed and Research Director at Hartleys during which time he undertook assessments of mining and exploration companies, published research reports and provided advice on a range of mining and exploration companies to both institutional and retail clients.

##### **Tim Markwell B.Sc (Hons) F Fin Senior Investment Analyst**

- He brings to the Fund a strong technical grounding in resource assessment and financial expertise in the mining industry.
- A geologist with over 12 years experience in the mining industry, with previous positions in senior technical roles with BHP-Billiton and Golder Associates.
- Prior to this he was a resources analyst with DJ Carmichael, a Perth-based stockbroking firm, during which he completed numerous research reports on Australian resource companies and provided advice on resource companies to private clients.

## **LINQ RESOURCES FUND**

### **MANAGER'S REPORT**

**30 JUNE 2006**

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#### **Robert Harrison B.Comm M Appl Fin Assistant Investment Analyst**

- He is a commerce graduate of the University of Western Australia and has completed post graduate studies in Applied Finance at Monash University.

#### **Simon Storm BCom, BCompt(Hons), CA, FCIS Company Secretary and Financial Controller**

- Chartered Accountant with 22 years of Australian and international experience in the accounting profession and commerce.
- Commenced career with Deloitte Haskins & Sells in Africa then London before joining Price Waterhouse in Perth.
- Held various senior finance and/or company secretarial roles with various listed companies such as Challenge Bank Limited, Halcyon Group Ltd and New World Alloys
- For the last 4 years has provided accounting, financial and company secretarial services to companies in the resources, construction and property development industries, including assisting Peet Ltd with its listing on ASX.
- Experience includes mergers and acquisitions, capital raisings and working on strategic, financial, management and company secretarial issues.

### **Review of Operations**

#### **Investment Highlights**

For the financial year ended 30 June 2006 the Fund made a net profit of \$37.3m compared to a net profit of \$11.3m for the financial year ended 30 June 2005. The distribution of 7.5 cents per unit represents an increase of 275% on the distribution for the 12 month period to 30 June 2005 of 2 cents per unit.

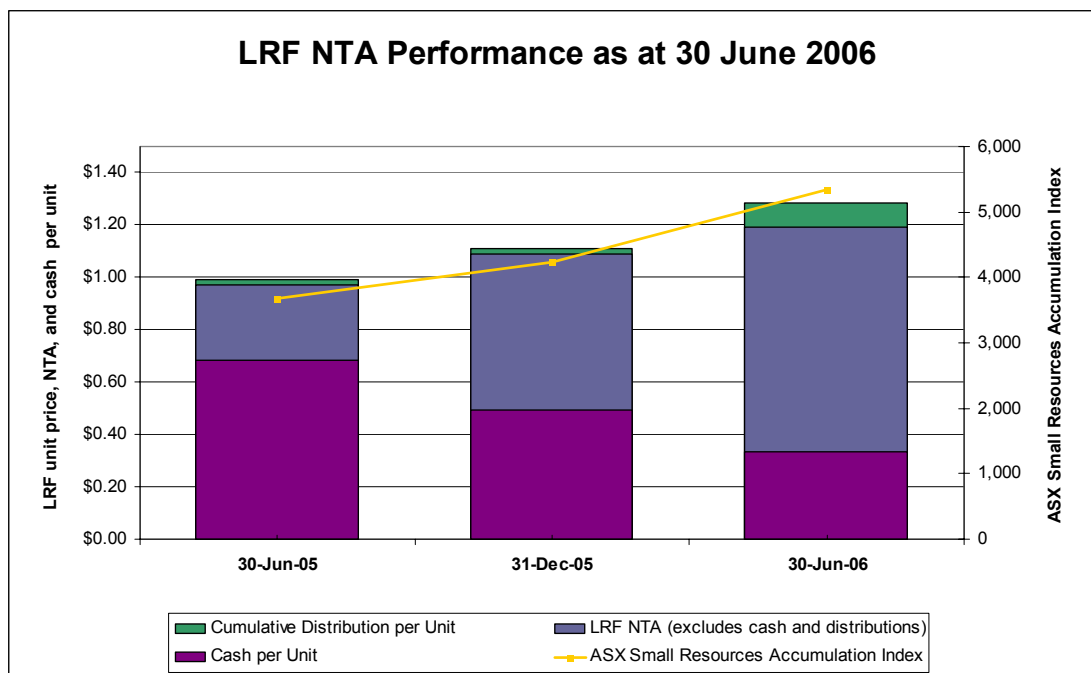
#### **Investment Performance**

The Investment performance of the Fund has been very strong during the year with the Fund's NTA increasing by 22 cents from \$0.97 to \$1.19 (post distribution). This represents an increase of 23% over the year. Excluding cash, the Fund's investment return (defined as net profit pre expenses and bank interest) for the year was 44% on its investments.

As the Fund approaches becoming fully invested the cash drag effect should diminish, thus improving its performance relative to the index. At the start of the year cash represented 71% (NTA of 0.97c) of the Fund's NTA compared with 28% at 30 June 2006 (NTA of \$1.19). The chart below compares the performance of the Fund via NTA growth to the ASX/S&P Small Resources Accumulation Index from 1 July 2005 to 30 June 2006. It also demonstrates the increasing level of investment and the cash reducing over the course of the last 12 months.

## LINQ RESOURCES FUND

### MANAGER'S REPORT 30 JUNE 2006



#### Key Investments made during financial year.

During the year the Fund made the following key additions to its portfolio:

##### **Atlas Iron Limited**

\$3.0m invested via participation in a share placement.

##### **Elkedra Diamonds NL**

Provision of \$5.0m secured loan facility in September 2005 for which LinQ was issued with 6.25m September 2008 Elkedra options (40c). In May 2006 LinQ agreed to provide a \$5.0m standby facility to Elkedra for which it is to be issued 2.0m May 2010 Elkedra options (\$0.90) and 1.0m May 2010 Elkedra options (\$1.20). Up to 30 June 2006, \$3m of this facility has been drawn down.

##### **China Goldmines PLC**

Pre-IPO investment of \$1.18m and an additional investment of \$0.48m in the IPO of China Goldmines PLC which listed on the London AIM market in February 2006.

##### **CopperCo Limited**

Provision of an additional \$6.0m of structured finance to CopperCo and an additional \$5.5m by way of a placement.

##### **Geodynamics Limited**

\$5.0m invested via participation in a share placement.

##### **Jabiru Metals Limited**

\$1.76m invested through underwriting of rights issue.

## **LINQ RESOURCES FUND**

### **MANAGER'S REPORT 30 JUNE 2006**

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#### **Mineral Securities Limited**

\$1.65m invested via participation in share placements.

#### **Oilex NL**

Provision of \$5.0m secured loan facility in March 2006 for which LinQ was issued with 3.6m Oilex March 2010 options (50c). A further 1.4m options are to be issued on the same terms as part of the transaction.

#### **Riversdale Mining Limited**

Additional \$2.5m invested by way of placements and on-market purchases and conversion of \$1.6m in convertible notes.

#### **Sun Resources NL**

Provisions of \$1.5m loan facility (currently undrawn) for which LinQ was issued with 2m Feb 2008 (25c) options, 2m April 2008 (35c) options and 2m June 2008 (45c) options in Sun Resources NL. A further \$0.8m was invested in shares via a placement and on market purchases.

#### **Wedgetail Exploration NL**

Additional \$2.34m invested through underwriting of 58.5m options which expired on 31 December 2005.

#### **The Investment Portfolio**

The table below provides a summary of the Fund's investments as at 30 June 2006.

# **LINQ RESOURCES FUND**

## **MANAGER'S REPORT 30 JUNE 2006**

<u>Investment</u>	<u>Class</u>	<u>Key Project Domicile</u>	<u>Commodity</u>	<u>Valuation (\$)</u>
<b><u>Listed Securities</u></b>				
Alliance Resources Limited	Ord shares	Australia	Uranium	1,041
Argonaut Resources NL	Ord shares	Laos	Gold	53
Atlas Iron Limited	Ord shares	Australia	Iron Ore	5,867
Avoca Resources Ltd	Ord shares	Australia	Gold	2,450
Centennial Coal	Ord shares	Australia	Coal	1,397
China Goldmines PLC	Ord shares	China	Gold	7,293
CopperCo Limited	Ord shares	Australia	Copper	8,171
De Grey Mining Ltd	Ord shares	Australia	Gold	144
De Grey Mining Ltd	Options	Australia	Gold	0
Dioro Explorations NL	Ord shares	Australia	Gold	2,685
Eastern Star Gas Ltd	Ord shares	Australia	Energy	1,481
Encounter Resources Limited	Ord shares	Australia	Uranium	250
Geodynamics Limited	Ord shares	Australia	Geothermal	2,517
Heritage Gold NZ Ltd	Ord shares	New Zealand	Gold	225
Independence Group Limited	Ord shares	Australia	Nickel	9,369
Jabiru Metals Limited	Ord shares	Australia	Zinc/Copper	4,075
Matrix Metals Limited	Ord shares	Australia	Copper	3,522
Mineral Securities Limited	Ord shares	South Africa	Platinum	2,160
Mintails Ltd	Ord shares	South Africa	Gold	153
Monarch Resources	Ord shares	Australia	Gold	475
Nido Petroleum	Ord shares	Philippines	Oil & Gas	925
OM Holdings Limited	Ord shares	Australia	Manganese	40
Prairie Downs Metals Limited	Ord shares	Australia	Zinc	1,013
Prairie Downs Metals Limited	Options	Australia	Zinc	287
Riversdale Mining Ltd	Ord shares	South Africa	Coal	9,383
Sally Malay Mining Limited	Ord shares	Australia	Nickel	294
Sun Resources Ltd	Ord shares	USA	Oil & Gas	947
Sunshine Gas Limited	Ord shares	Australia	Oil & Gas	540
Wedgetail Exploration NL	Ord shares	Australia	Gold	8,662
Western Areas NL	Ord shares	Australia	Nickel	590
				<b>76,009</b>
<b><u>Unlisted Securities</u></b>				
Atlas Iron Limited	Options	Australia	Iron Ore	2,231
CopperCo Limited	Options	Australia	Copper	8,443
Elkedra Diamonds NL	Options	Brazil	Diamonds	2,613
Oilex NL	Options	India	Oil & Gas	3,031
Rubirosa Limited	Shares	USA	Min. Sands	200
Sun Resources Ltd	Options	USA	Oil & Gas	88
Wedgetail Exploration Ltd.	Options	Australia	Gold	538
				<b>17,144</b>
<b><u>Interest bearing securities</u></b>				
CopperCo Limited	Finance facility & Conv. note	Australia	Copper	11,000
Elkedra Diamonds NL	Finance facility	Brazil	Diamonds	8,000
Oilex NL	Finance facility	India	Oil & Gas	5,000
Wedgetail Exploration NL	Conv. note	Australia	Gold	5,000
				<b>29,000</b>
<b><u>Cash &amp; Other Current Assets</u></b>				
				<b>45,894</b>
<b>TOTAL INVESTMENTS</b>				<b>168,047</b>

## LINQ RESOURCES FUND

### MANAGER'S REPORT

30 JUNE 2006

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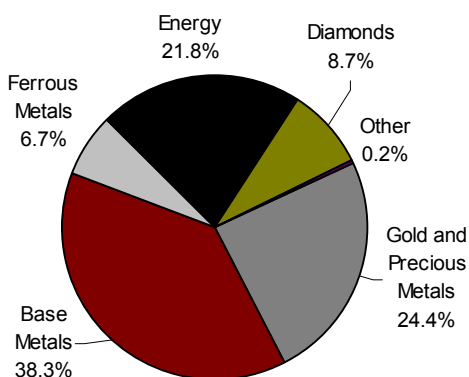
#### Independent Research Report

In March 2006 the Fund was reviewed by well regarded independent research house Aegis Equities Research and notably was given a "Recommended" rating. Aegis reviewed the Fund's performance, management, investment philosophy, style and process. Of the 27 listed managed investments that were rated by Aegis in its March quarter review only eight (including LinQ) were given "Recommended" ratings. A copy of the report is available on the LinQ Resources Fund website.

#### Portfolio Structure

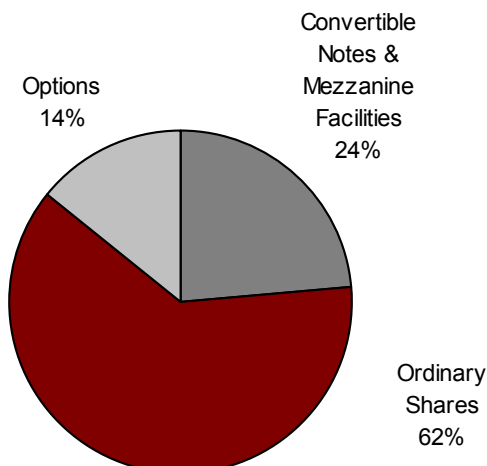
##### Commodity Exposure

As at 30 June 2006 the Fund's investment portfolio (excluding cash on hand) was diversified across a range of commodity types including base metals, ferrous metals gold, diamonds and energy.



##### Investment Instrument

The Fund continues to look for opportunities to invest in convertible notes or structured finance instruments which provide both income and potential equity upside. As at 30 June 2006 the investment portfolio of the Fund (excluding cash) comprised approximately 24% convertible notes and structured facilities (36% with detached options). In addition to these fully drawn facilities the Fund has negotiated the provision of a further \$3.5m of convertible notes which are yet to be drawn down by investee companies Elkedra Diamonds (\$2.0million facility) and Sun Resources (\$1.5million facility)



## LINQ RESOURCES FUND

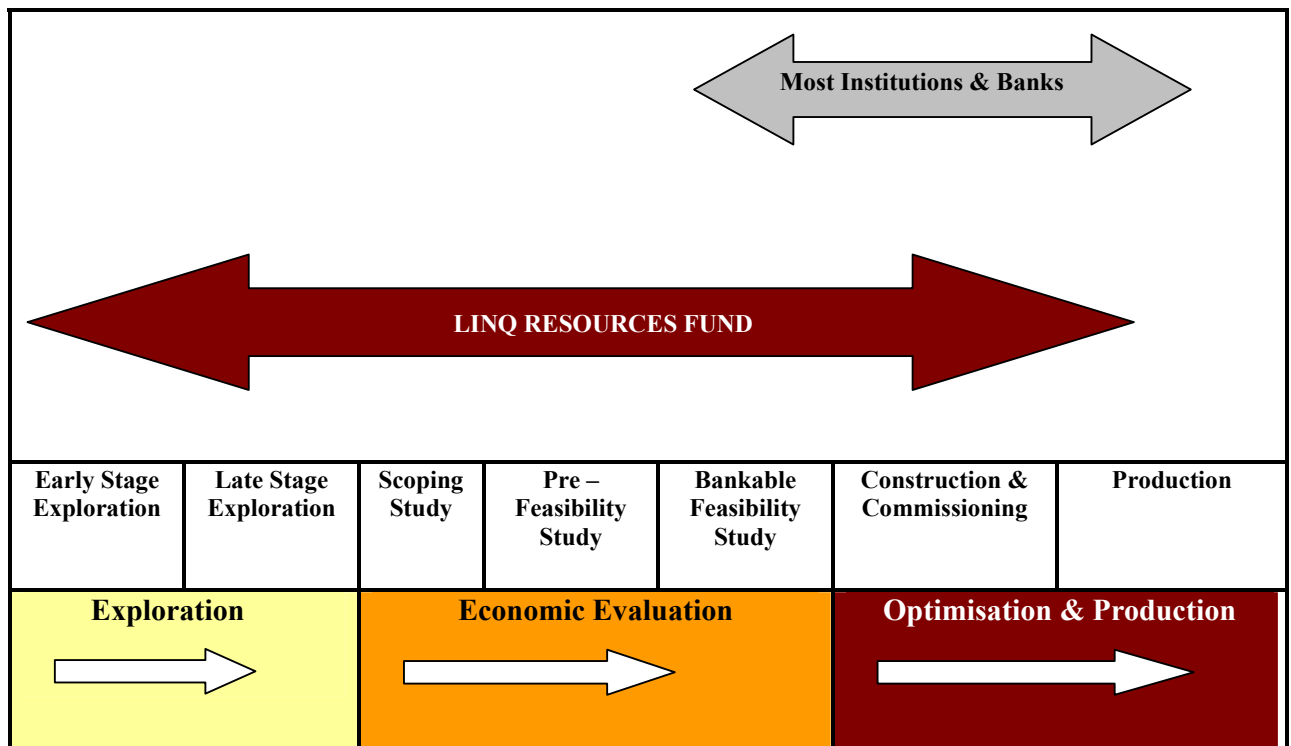
### MANAGER'S REPORT 30 JUNE 2006

#### Stage of Project

The Fund tends to focus its investments at the stage prior to which most banks and other institutions typically invest in companies. The table below highlights the typical phases a successful exploration company would go through to become a producer. Whilst the Fund invests along the full spectrum from exploration to production, it is more heavily weighted in the economic evaluation and optimisation of production phases rather than in the earlier exploration phase.

The Funds management believes it has a comparative advantage in the economic evaluation phase.

#### THE LINQ RESOURCES FUND INVESTMENT SPECTRUM





## LINQ RESOURCES FUND

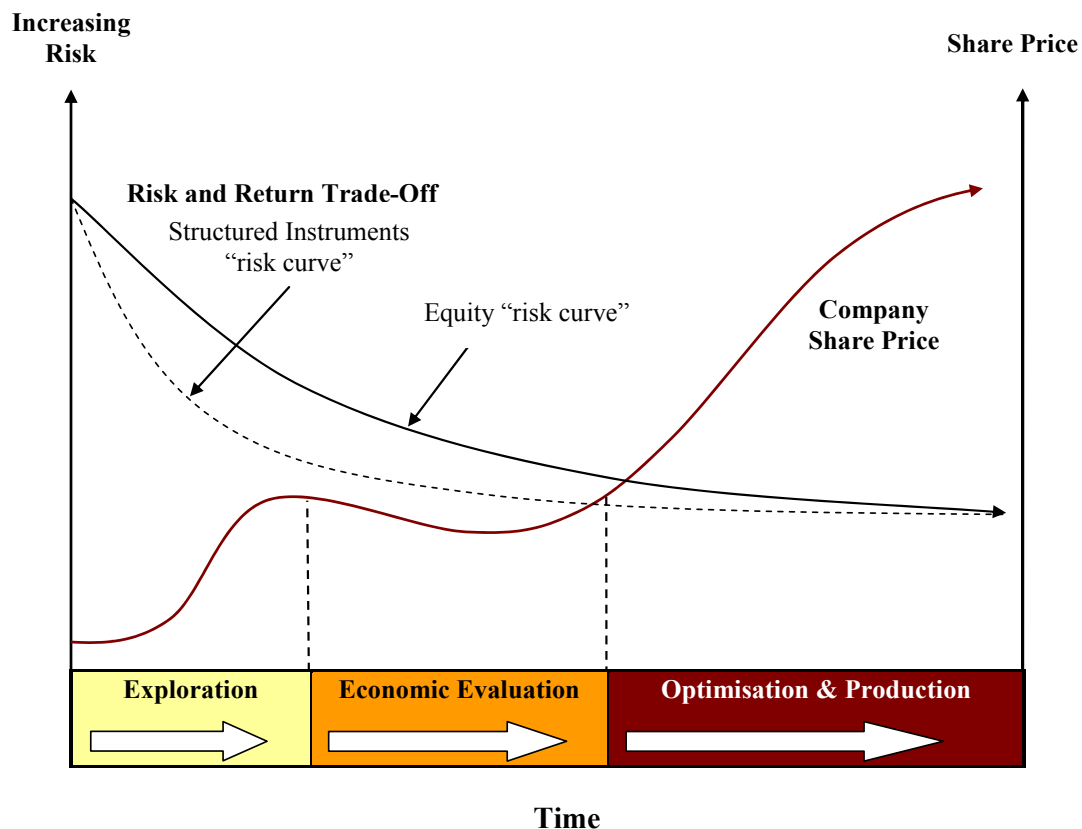
### MANAGER'S REPORT 30 JUNE 2006

Since the Fund is able to invest across all stages of a company's development, there is potential to achieve higher returns from investments in companies that progress from exploration through to production. This "progression" is typically associated with incremental increases in value and forecast PE ratios. This concept is illustrated in the chart below.

Also illustrated is the perceived risk level over the various stages of development. The level of risk associated with companies in the exploration stage is relatively high, although will diminish as the company approaches production. A key part of LinQ's investment strategy is the use of convertible note instruments to minimise the higher level of risk in the earlier stages. The "debt" characteristics provide downside protection and generate yield, while the equity characteristics allow any future upside to be captured.

Please note that this chart is for illustrative purposes only and may differ in reality.

#### TYPICAL DEVELOPMENT LIFE CYCLE



## LINQ RESOURCES FUND

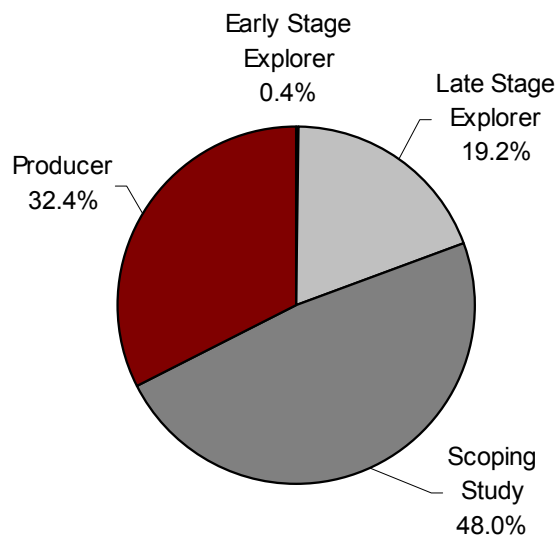
### MANAGER'S REPORT

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#### Investment Portfolio Classification

As at 30 June 2006 the Fund's investments were concentrated in the Scoping Study stage with Producers comprising the next largest portion. Early stage exploration comprised only circa 0.4% of the portfolio. Notably during the year Elkedra Diamonds and Riversdale Mining made the transition to Producers, vindicating LinQ's view on their production capability at the time of investment.



#### Commentary on Mining Sector

The mining sector has been a particularly strong performer over the past twelve months with commodity prices being driven sharply higher through a combination of strong demand, historically low stockpile levels, supply disruptions and the lack of new production coming on to the market. Despite the change from the recent highs in the prices of most of the metals over the past couple of months, prices still remain at extremely attractive levels for those companies that are in or are nearing production. The price movement in the various metals and the percentage of the recent correction illustrate the attractiveness of current prices.

#### COMMODITY PRICE PERFORMANCE

	30/06/05	30/06/06	2006 High	% change over year
Copper	3,597	7,501	8,788	+109%

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<b>Nickel</b>	14,700	22,275	23,100	+52%
<b>Zinc</b>	1,223	3,260	3,990	+167%
<b>Gold</b>	435	612	719	+41%
<b>Platinum</b>	883	1,247	1,322	+41%

Due to the requirement for scale in the projects being developed by the majors and the time taken to bring these into production, we are starting to see the emergence of a new generation of producers, particularly in the base metals. The sector has seen consolidation but this has generally been confined to the top end with little filtering down into the small / medium sized emerging producers to date. We expect rationalisation in the smaller end to increase as companies strive to achieve more critical mass for production. The gold sector which has suffered from the lack of exploration expenditure over a period of years is finally starting to show some life with a number of juniors expected to make the transition from explorer to producer over the coming twelve months.

The strength in the sector is illustrated by the performance of the Fund's benchmark Index, the ASX/S&P Small Resources Accumulation Index which is set out in the table and chart below.

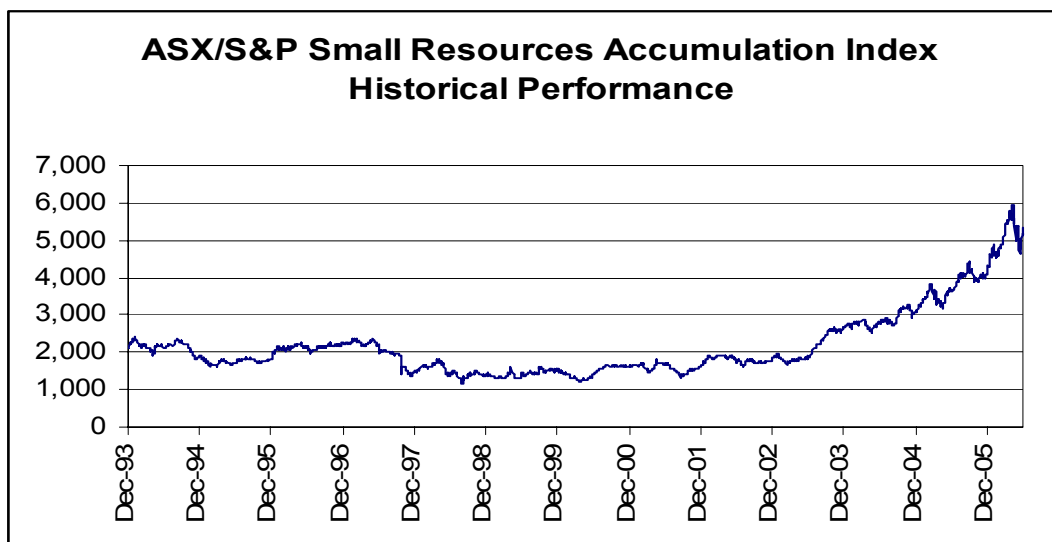
**ASX/S&P SMALL RESOURCES ACCUMULATION INDEX PERFORMANCE**

	30/06/05	30/06/06	2006 High	% change over year
Small Resources Accumulation Index	3,675	5,339	5,950	45%

## LINQ RESOURCES FUND

### MANAGER'S REPORT

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#### Outlook

Despite the recent pullback in both the financial markets and commodity prices we expect that the resources markets will remain an attractive sector for investment. Whilst the explanation for the recent change is being attributed to US inflationary pressures and the prospect of interest rates rises, the fundamentals for sustained demand for commodities remain intact. Metals inventories are at or near historically low levels, supply disruptions continue to occur and there is little in the way of meaningful new production able to be brought on in the near term. Whilst it is reasonable to expect that there will be continued volatility in the market we still consider that the underlying fundamentals remain solid

Growth in the Chinese economy is expected to be sustained at close to current levels and is being driven to a large extent by the demands of domestic consumption. GDP growth in China is expected to be in the order of 9.5% in 2006 and 9.0% in 2007 (IMF forecasts). China now typically accounts for between 20% and 30% of minerals and metals consumption and demand is not expected to abate. It is also worthwhile noting that there is also building demand from India where GDP growth is forecast at 7.3% in 2006 and 7.0% in 2007.

Corporately the sector is generally in a very healthy position with company treasuries being replenished by both large amounts of equity at often seemingly generous prices and strong cashflow generation from the prevailing strong commodity prices. With the consolidation that has taken place within the major mining groups in recent years it is generally expected that there will be disposals of non-core assets which will provide possible production opportunities for acquisitive juniors. In addition it is expected that there will be increased corporate activity in the sector as juniors look to improve their critical mass and thus relevance in the sector.

Areas of concern are the increase in capital costs of project development and operating cost pressures. Labour shortages remain acute and not just in the Australian markets. In addition, the sustained high oil price continues to have an impact on operations.

## **LINQ RESOURCES FUND**

### **MANAGER'S REPORT 30 JUNE 2006**

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In terms of the outlook for LinQ, the portfolio of investments has many of the ingredients for re-rating and over the next twelve months several are likely to achieve production status eg. Wedgetail Exploration, CopperCo, and Jabiru Metals. Dealflow continues to be strong and is expected to improve still further despite the recent correction in the equity and commodities markets. This dealflow capability is aided by the flexibility of LinQ's investment mandate which continues to provide it with an investment edge over what other investor's are able to offer. We look forward to the coming year and the opportunities which it will undoubtedly present.

I thank you for your support.



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**Clive Donner**  
**Managing Director**

## LINQ RESOURCES FUND

### DIRECTORS' REPORT 30 JUNE 2006

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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, submit their report for the Fund for the year ended 30 June 2006.

### DIRECTORS

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

	<b>Other listed company directorships</b>
Gordon Toll - Chairman	Non-executive chairman - Fortescue Metals Ltd (Director since Jan 2005 and Chairman since May 2005) and Chairman - Eastern Mediterranean Minerals Ltd (since May 2005) and non-executive Director of Avocet Mining plc (since Mar 2005). Non-executive chairman Compass Resources NL (Director since Jul 2001 and Chairman since Aug 2005).
Clive Donner – Managing Director	Non-executive chairman - Wedgetail Exploration NL (since Sept 2003) and China Gold Mines plc (since Jan 2006) and non-executive Director of Doro Exploration NL (since Feb 2005).
Bruno Camarri	Deputy Chairman - United Group Ltd (since Oct 1994). Chairman Murchison United Ltd (Aug 1994 until Aug 2004) and Advanced Energy Systems Ltd (Oct 2003 until Aug 2004) and Director of Bristle Ltd (Oct 1996 until Jul 03).
Graham Fariss	-
Nicholas Lattimore	-
Gerrit de Nys	Non-executive Director of View Resources Ltd (since Feb 2006).

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

### PRINCIPAL ACTIVITIES

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 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.

## **LINQ RESOURCES FUND**

### **DIRECTORS' REPORT 30 JUNE 2006**

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

##### **Results**

The net profit of the LinQ Resources Fund is presented in the Income Statement. Net profit for the year ending 30 June 2006 was \$37,316,134 (2005: \$11,275,219). Further information on the operations of the Fund are included in the Managers Report.

##### **Distributions**

A distribution of 7.5 cents per unit (2005: 2 cents) has been declared for the year ended 30 June and will be paid in August 2006 to all registered unitholders at 30 June 2006.

##### **UNIT PRICE HISTORY**

The sales price and the highest and lowest sales prices for the LinQ Resources Fund since listing on the Australian Stock Exchange on 20 January 2005 were:

	<b>2006</b>	<b>2005</b>
As at 30 June	\$0.83	\$0.77
<b>Year to 30 June</b>		
High	\$0.97	\$1.04
Low	\$0.77	\$0.75

##### **UNITS AND OPTIONS ON ISSUE**

132,339,294 units of the LinQ Resources Fund were on issue at 30 June 2006 (2005: 131,010,259). During the year 1,329,035 (2005: 91,110,257) units were issued by the Fund under the Distribution Reinvestment Plan. In addition there are 130,950,259 options on issue at balance sheet date and at the date of this report. No options were exercised during the year to 30 June 2006 or to the date of this report (2005: 30,000). An option may be converted to one unit at an exercise price of \$1.00 on or before 20 January 2007.

##### **FUND ASSETS**

At 30 June 2006 the LinQ Resources Fund held assets to a total value of \$168,047,367 (2005: \$130,092,426). The basis for valuation of the assets is disclosed in Note 1 to the financial statements.

##### **FEES PAID TO THE RESPONSIBLE ENTITY**

The following fees were paid to the Responsible Entity out of the Fund property during the financial year:

- Management fee for the financial year paid to the Responsible Entity \$2,595,658 (2005, being 11 October 2004 to 30 June 2005 - \$1,307,787).
- Expenses paid by the Responsible Entity and reimbursed by the Fund in accordance with the Fund's constitution \$503,580 (2005, being 11 October 2004 to 30 June 2005 - \$136,442)

## LINQ RESOURCES FUND

### DIRECTORS' REPORT 30 JUNE 2006

#### INTERESTS IN THE FUND

At the date of this report, Directors of the Responsible Entity or their associates held the following interests in the Fund:-

Director	Units	20 January 2007 Options
Gordon Toll	631,776	500,000
Bruno Camarri	51,316	50,000
Clive Donner	269,101	150,000
Graham Fariss	105,000	40,000
Nicholas Lattimore	-	-
Gerrit de Nys	25,609	25,000

#### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of LinQ Capital Limited support and have adhered to the principles of corporate governance. The corporate governance statement is contained in the additional ASX information section of this Annual Report.

#### BOARD COMMITTEES

As at the date of this report the Responsible Entity had an Audit Committee, a Compliance Committee and a Nomination Committee. The members of the Audit Committee are Bruno Camarri, Gordon Toll and Graham Fariss and members of the Nomination Committee are Gordon Toll, Bruno Camarri and Clive Donner. The Responsible Entity members of the Compliance Committee are Gordon Toll and Clive Donner. The independent member of the Compliance Committee is Bob Jenkins.

#### DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of directors) held during the year and the number of meetings attended by each Director were as follows:

Director	Directors' Meetings		Audit Committee		Compliance Committee		Nomination Committee	
	A	B	A	B	A	B	A	B
Gordon Toll	15	17	1	3	3	3	-	-
Bruno Camarri	17	17	3	3	-	-	-	-
Clive Donner	17	17	-	-	3	3	-	-
Graham Fariss	14	17	3	3	-	-	-	-
Nicholas Lattimore	13	17	-	-	-	-	-	-
Gerrit de Nys	14	17	-	-	-	-	-	-



## **LINQ RESOURCES FUND**

### **DIRECTORS' REPORT**

**30 JUNE 2006**

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#### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the LinQ Resources Fund during the year, other than those changes identified in the financial statements for the year ending 30 June 2006.

#### **SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may affect, the Fund's operations in future financial years, the results of those operations or the Fund's state of affairs in future financial years.

#### **LIKELY DEVELOPMENT AND EXPECTED RESULTS**

The investment strategy of the Fund will be maintained in accordance with the Fund's Constitution and investment objectives. Future results will depend on the performance of the markets in the areas in which the Fund chooses to invest.

#### **ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Operations of the Fund are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

#### **INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS**

All current and former officers of the Responsible Entity (but not including auditors) are indemnified out of the property of the Responsible Entity against:

- a) any liability for costs and expenses which may be incurred by that person in defending civil or criminal proceedings in which judgement is given in that person's favour, or in which the person is acquitted, or in connection with an application in relation to any such proceedings in which the court grants relief to the person under the Corporations Act 2001; and
- b) a liability incurred by the person, as an officer of the Responsible Entity or of a related body corporate, to another person (other than the Responsible Entity or a related body corporate) unless the liability arises out of conduct involving a lack of good faith.

During the financial year, the Responsible Entity paid an insurance premium in respect of a contract insuring each of the officers of the Responsible Entity. The amount of the premium is, under the terms of the insurance contract, confidential. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Responsible Entity or related body corporates. This insurance premium does not cover auditors.

## **LINQ RESOURCES FUND**

### **DIRECTORS' REPORT 30 JUNE 2006**

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No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of LinQ Capital Limited or the auditors of the Fund.

#### **AUDITOR INDEPENDENCE**

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 audit of the financial report of LinQ Resources Fund for the financial year ended 30 June 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Greg Meyerowitz  
Partner  
Perth

Date: 24 July 2006

Liability limited by the Accountants Scheme, approved  
under the Professional Standards Act 1994 (NSW).

## **LINQ RESOURCES FUND**

### **DIRECTORS' REPORT 30 JUNE 2006**

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#### **NON AUDIT SERVICES**

The Audit Committee has reviewed all non-audit services provided by the external auditor during the financial year ended 30 June 2006, and confirms that the provision of these services is in accordance with the independence provisions of the Corporations Act 2001. The external auditor has confirmed to the Audit Committee that they have complied with the Audit Committees' policy on non-audit services for the financial year ended 30 June 2006.

The total fees paid to the external auditor for non-audit services during the year were \$51,787 (2005: \$241,058)

#### **MANAGING DIRECTOR/FUND ACCOUNTANT DECLARATION**

The Managing Director and the Fund Accountant have given a declaration to the Board of Directors that in their opinion the financial records of the LinQ Resources Fund have been properly maintained in accordance with section 286 of the Corporations Act 2001, and the financial statements and notes for the financial year ended 30 June 2006 comply with accounting standards and give a true and fair view.

#### **ROUNDING**

The amounts contained in this report and in the financial report have been rounded off under the option available to the Fund under ASIC Class Order 98/0100. The Fund is an entity to which the Class Order applies, and in accordance with that Class Order, amounts in the Directors' Report and the Financial Report have been rounded to the nearest thousand dollars (where rounding is appropriate).

Signed in accordance with a resolution of the Directors.



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

24 July 2006

**LINQ RESOURCES FUND**

**INCOME STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2006**

<b>INCOME STATEMENT</b>	<b>Notes</b>	<b>2006 \$000</b>	<b>2005 \$000</b>
<b>Income</b>			
Dividend income		272	145
Finance income	2(a)	5,771	3,126
Other income		455	435
Sub-underwriting fee income		-	14
Change in fair value of investments in financial assets classified as fair value through the profit & loss		34,454	12,052
- Unrealised gains in net fair value of investments		25,745	7,080
- Realised gains on sale of investments		8,750	5,437
- Realised losses on sale of investments		(41)	(465)
<b>Total investment income</b>		<b>40,952</b>	<b>15,772</b>
<b>Expenses</b>			
Administration expenses		422	208
Directors' fees and expenses		215	135
Fund promotion		100	-
Legal and professional fees		214	83
Manager's fees		2,596	1,508
Non- recoverable GST		89	178
Performance fees		-	1,499
Restructuring costs		-	886
<b>Total expenses</b>		<b>3,636</b>	<b>4,497</b>
<b>Net profit attributable to unitholders</b>		<b>37,316</b>	<b>11,275</b>
Distributions to unitholders	2(b)	(9,968)	(2,621)
<b>Change in net assets attributable to unitholders</b>		<b>27,348</b>	<b>8,654</b>
Distribution per unit (cents)		7.5	2.0
Basic earnings per unit (cents)		28.3	13.9
Diluted earnings per unit (cents)		28.3	13.9

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

**LINQ RESOURCES FUND**  
**BALANCE SHEET**  
**AS AT YEAR ENDED 30 JUNE 2006**

**BALANCE SHEET**

	Notes	2006 \$000	2005 \$000
<b>Assets</b>			
Cash and cash equivalents	7(a)	44,321	89,764
Trade and other receivables	3	1,572	838
Investments in financial assets	4	122,154	39,490
<b>Total assets</b>		168,047	130,092
<b>Liabilities</b>			
Distribution payable	2(c)	9,969	2,621
Trade and other payables	5	179	363
<b>Total liabilities excluding net assets attributable to unitholders</b>		10,148	2,984
<b>Net assets attributable to unitholders</b>	6(c)	157,899	127,108
 <b>Net tangible assets per ordinary unit</b>		1.19	0.97

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

# **LINQ RESOURCES FUND**

## **STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR THE YEAR ENDED 30 JUNE 2006**

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	<b>Net Assets attributable to unitholders \$000</b>
<b>At 1 July 2004</b>	23,226
Call of Partly Paid Units issued during the reporting period	18,933
Net profit attributable to unitholders	11,275
Units issued pursuant to the PDS dated 11 October 2004	82,955
Exercise of options	30
Costs associated with the offer under the PDS	(5,785)
Distributions paid and payable	(2,621)
Revaluation of Securities	(905)
<b>At 30 June 2005</b>	<hr/> 127,108
Application of AASB 132 and 139 at 1 July 2005	2,433
Units issued in the distribution reinvestment plan	1,010
Net profit attributable to unitholders	37,316
Distributions paid and payable	(9,968)
<b>At 30 June 2006</b>	<hr/> <hr/> 157,899

**LINQ RESOURCES FUND**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	Notes	2006 \$000	2005 \$000
<b>Cash flows from operating activities</b>			
Interest received		5,731	2,851
Dividend income received		272	145
Other income received		345	449
Net GST received/(paid)		211	(540)
Manager's fees paid		(2,596)	(1,708)
Performance fees paid		-	(1,735)
Restructuring costs		-	(886)
Other expenses paid		(937)	(321)
<b>Net cash inflow/(outflow) from operating activities</b>	7(b)	3,026	(1,745)
<b>Cash flows from investing activities</b>			
Payments for investments		(64,919)	(21,472)
Proceeds from sale of investments		18,060	9,209
<b>Net cash outflow from investing activities</b>		(46,859)	(12,263)
<b>Cash flows from financing activities</b>			
Proceeds from issues of units		-	82,985
Unit issue costs		-	(5,785)
Distribution paid		(1,610)	-
Proceeds from calls on units issued		-	18,933
<b>Net cash (outflow)/inflow from financing activities</b>		(1,610)	96,133
<b>Net (decrease)/increase in cash and cash equivalents held</b>		(45,443)	82,125
<b>Cash and cash equivalents at the beginning of the year</b>		89,764	7,639
<b>Cash and cash equivalents at the end of the year</b>	7(a)	44,321	89,764

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

**LINQ RESOURCES FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2006**

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**1. Corporate Information**

The financial report of the LinQ Resources Fund ('Fund') for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of the directors of the Responsible Entity on 24 July 2006. The Fund is an Australian Registered Scheme, constituted on 8 March 2002. The Fund will terminate on 7 March 2082 unless terminated earlier in accordance with provisions of the Constitution.

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

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

**Summary of Significant Accounting Policies**

**(a) Basis of accounting**

The financial report is a general purpose financial report, which has been prepared in accordance with the Fund's Constitution and the requirements of the Corporations Act 2001, which includes applicable Accounting Standards. Other mandatory professional reporting requirements have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, except for the valuation of investments in financial assets, which have been measured at fair value or amortised cost.

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

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

**(b) Statement of compliance**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS')

This is the first financial report prepared based on AIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly.

Reconciliations of:-

- AIFRS net assets attributable to unitholders at 30 June 2006 and 1 July 2004; and
- AIFRS net profit for the year ended 30 June 2005



## **LINQ RESOURCES FUND**

### **NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2006**

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to the balances reported in the 30 June 2005 financial report prepared under AGAAP are detailed in Note 1(q).

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 required under those Standards have been recognised in the financial statements for the year-end 30 June 2006. Accordingly, comparatives have not been restated for AASB 132 and AASB 139.

#### **(c) Investments and Other Financial Assets**

##### **2005 Policy**

###### **(i) Listed securities**

Listed equities and exchange traded options are valued at net market valuation using the last available sale price of the security as quoted on its primary stock exchange on the day of valuation. If management believe that the last sale price does not accurately reflect fair value, the volume weighted average price of the security over the most recent ten (10) day trading period can be used as an alternative.

###### **(ii) Unlisted securities**

Unlisted equities and options are valued at cost, with no marketability discount. Should there be evidence that the value of the underlying assets of the investee has significantly changed, management may review its valuation approach. Management will treat each unlisted security on a case-by-case basis, while maintaining a consistent and conservative approach.

###### **(iii) Interest bearing securities**

Convertible notes and other interest bearing securities are valued at cost and accrued interest. Where there is an option to convert to a listed equity, the intrinsic value of the option to convert is included.

##### **2006 Policy**

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.

###### **(i) 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

## LINQ RESOURCES FUND

### NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2006

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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.

#### ***(ii) 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.

#### ***(iii) 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;
- 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.

#### **(d) Investment Income**

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Specific income is recognised as follows:

##### ***(i) Dividend income***

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

##### ***(ii) Interest income***

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.

## **LINQ RESOURCES FUND**

### **NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2006**

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#### **(iii) *Changes in the fair value of investments***

Gains or losses on investments are calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

#### **(e) **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).

#### **(f) **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.

#### **(g) **Changes in 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 fair value of securities, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, net capital losses and tax free or 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.

#### **(h) **Trade and Other Receivables****

Trade and Other Receivables may include amounts for dividends, interest and securities sold where settlement has not yet occurred. Receivables are recognised and carried at original amount, less a provision for any uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that the Fund will not be able to collect the debt. Bad debts are written off when identified.

Amounts are generally received within 30 days of being recorded as receivables.

#### **(i) **Trade and Other Payables****

#### **2005 Policy**

These amounts represent liabilities for amounts owing by the Fund. The amounts are unsecured and are usually paid within 30 days of recognition.

## **LINQ RESOURCES FUND**

### **NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2006**

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#### **2006 Policy**

Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Scheme.

Payables include outstanding settlements on the purchase of investments and distributions payable. The carrying period is dictated by market conditions and is generally less than 30 days.

#### **(j) Goods and Services Tax ('GST')**

Incomes, expenses and assets, with the exception of receivables and payables, are recognised net of the amount of GST, to the extent that GST is recoverable from the Australian Tax Office (ATO). Where GST is not recoverable it is recognised as part of the cost of the asset or as part of the expense item as applicable.

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.

#### **(k) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

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

#### **(l) Comparative figures**

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

#### **(m) 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.

#### **(n) Terms and conditions on units**

Each unit issued confers upon the unitholder an equal interest in the Fund, and is of equal value. A unit does not confer any interest in any particular asset or investment of the Fund. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- receive income distributions
- net proceeds on sale on winding up the Fund upon termination; and
- attend and vote at meetings of unit holders;

The rights, obligations and restrictions attached to each unit are identical in all respects.

## **LINQ RESOURCES FUND**

### **NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2006**

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#### **(o) Foreign currency translation**

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in a previous financial report, is recognised in profit or loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### **(p) Significant accounting judgements, estimates and assumptions:**

The determination of fair value of unlisted securities requires the application of a discounted cashflow valuation model. A discounted cashflow model requires that certain judgements and assumptions are made, including an estimate for the discount rate applied and an estimation of future uncertain cashflows.

The fund determines the fair value of unlisted options using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted. The Black-Scholes formula requires the estimation of certain assumptions including the volatility of the underlying shares and an estimation as to the anticipated date at which the option will be exercised.

#### **(q) 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 financial statements for the year ended 30 June 2006 are the first year the Fund is required to prepare financial statements in accordance with AIFRS.

Accordingly, the Fund has prepared financial statements that comply with applicable accounting standards and other mandatory professional reporting requirements applicable for periods beginning on or after 1 January 2005.

In preparing these 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

- net assets attributable to unitholders as presented under AGAAP to that under AIFRS at 30 June 2005, and at 1 July 2004; and

- net profit under AGAAP to that under AIFRS for the year ended 30 June 2005.

**LINQ RESOURCES FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2006**

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***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 net assets as presented under previous AGAAP to net assets attributable to unitholders under AIFRS.***

There are no material differences between net assets as presented under previous AGAAP to net assets attributable to unitholders under AIFRS as at 1 July 2004 and 30 June 2005.

***(ii) Reconciliation of net profit under previous AGAAP to change in net assets attributable to unitholders under AIFRS.***

There are no material differences between net profit under previous AGAAP to change in net assets attributable to unitholders under AIFRS for the year ended 30 June 2005.

***(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 AIFRS 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 6(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.

***(q) Application of Accounting Standards***

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2006:

# LINQ RESOURCES FUND

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2006

AASB Amendment	Affected Standard(s)	Nature of change to Accounting Policy	Application Date of Standard*	Application Date for Group
2005-1	AASB 139: <i>Financial Instruments: Recognition and Measurement</i>	No change to accounting policy required. Therefore no impact	1 January 2006	1 July 2006
2005-4	Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]	No change to accounting policy required. Therefore no impact	1 January 2006	1 July 2006
2005-5	AASB 1: <i>First-time adoption of AIFRS</i> , AASB 139: <i>Financial Instruments: Recognition and Measurement</i>	No change to accounting policy required. Therefore no impact	1 January 2006	1 July 2006
2005-10	AASB 132: <i>Financial Instruments: Disclosure and Presentation</i> , AASB 101: <i>Presentation of Financial Statements</i> , AASB 114: <i>Segment Reporting</i> , AASB 117: <i>Leases</i> , AASB 133: <i>Earnings Per Share</i> , AASB 139: <i>Financial Instruments: Recognition and Measurement</i> , AASB 1: <i>First-time adoption of AIFRS</i> , AASB 4: <i>Insurance Contracts</i> , AASB 1023: <i>General Insurance Contracts</i> and AASB 1038: <i>Life Insurance Contracts</i>	No change to accounting policy required. Therefore no impact.	1 January 2007	1 July 2007
AASB 7	AASB 7: <i>Financial Instruments: Disclosures</i>	No change to accounting policy required. Therefore no impact.	1 January 2006	1 July 2006

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

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

AASB Amendment	Affected Standard(s)
2004-3	AASB 1, AASB 101 and AASB 124 as a result of the revised AASB 119.
2005-9	AASB 4: <i>Insurance Contracts</i> , AASB 1023: <i>General Insurance Contracts</i> , AASB 139: <i>Financial Instruments: Recognition and Measurement</i> and AASB 132: <i>Financial Instruments: Disclosure and Presentation</i>
2005-3	AASB 119: <i>Employee Benefits</i>
2005-6	AASB 3: <i>Business Combinations</i>
2006-1	AASB 121: <i>The Effects of Changes in Foreign Exchange Rates</i>
2006-2	AASB 1: <i>First Time Adoption of Australian Equivalents to International Financial Reporting</i>
UIG Interpretation Reference	UIG Interpretation Reference 4, 5, 6, 7, 8 and 9.

# **LINQ RESOURCES FUND**

## **NOTES TO THE FINANCIAL STATEMENTS** **30 JUNE 2006**

	2006	2005		
	\$000	\$000		
2. Finance Income and Distributions to Unitholders				
(a) Finance Income				
Bank interest	3,860	2,728		
Income from loans and receivables	1,911	398		
	<u>5,771</u>	<u>3,126</u>		
(b) Distributions to unitholders				
	2006	2005		
	\$000	\$000		
Distributions to unitholders	<u>9,969</u>	<u>2,621</u>		
(c) Components of distribution				
	2006		2005	
	\$000	Cents per unit	\$000	Cents per unit
Final distribution 30 June	<u>9,969</u>	<u>7.5 cents</u>	<u>2,621</u>	<u>2 cents</u>
3. Trade and other receivables				
	2006	2005		
	\$000	\$000		
Accrued interest	205	381		
GST recoverable	75	383		
Unsettled Trades	1,179	74		
Other receivables	110	-		
Prepayments	3	-		
	<u>1,572</u>	<u>838</u>		



**LINQ RESOURCES FUND**

**NOTES TO THE FINANCIAL STATEMENTS  
30 JUNE 2006**

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	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>
<b>4. Investments in financial assets at fair value through Profit &amp; Loss</b>		
<i>Listed securities</i>		
- Listed equities	76,009	24,917
<i>Unlisted Securities</i>		
- Options on convertible notes and mezzanine facilities	11,595	-
- Unlisted equities	5,550	1,964
<b>Loans &amp; Receivables</b>		
- Convertible notes and mezzanine facilities	29,000	12,609
	<hr/> 122,154	<hr/> 39,490

	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>
<b>5. Trade and other payables</b>		
Unsettled trades	-	193
GST payable	10	18
Trade Creditors	16	44
Other fees payable	112	42
Responsible entity reimbursables	41	66
	<hr/> 179	<hr/> 363

# **LINQ RESOURCES FUND**

## **NOTES TO THE FINANCIAL STATEMENTS** **30 JUNE 2006**

### **6. Net assets attributable to unitholders**

The terms and conditions attached to the units in the Fund can be found in Note 2 (n).

#### **(a) Units on issue**

	<b>2006</b>	<b>2005</b>
	<b>Number</b>	<b>Number</b>
	<b>'000</b>	<b>'000</b>
Units on issue as at beginning of financial year	131,010	39,900
Units issued pursuant to the distribution reinvestment plan	1,329	-
Units issued during the financial year as a result of the unit division	-	8,125
Units issued pursuant to the PDS dated 11 October 2004	-	82,955
Units issued on conversion of options	-	30
	<b>132,339</b>	<b>131,010</b>

#### **(b) Options on issue**

	<b>Number</b>	<b>Number</b>
	<b>'000</b>	<b>'000</b>
Options on issue as at beginning of financial year	130,950	-
Options issued pursuant to the PDS dated 11 October 2004	-	130,980
Options converted	-	(30)
	<b>130,950</b>	<b>130,950</b>

An option may be converted to one unit at an exercise price of \$1.00 on or before 20 January 2007

#### **(c) Changes in net assets attributable to unitholders**

	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>
Net assets attributable to unitholders at beginning financial year	127,108	23,226
Change in net profit attributable to unitholders	37,316	11,275
Units issued in the distribution reinvestment plan	1,010	-
Application of AASB 132 and 139 - see Note 1 (q) (iv)	2,433	-
Call of Partly Paid Units issued during the financial year	-	18,933
Units issued pursuant to the PDS dated 11 October 2004	-	82,955
Exercise of options	-	30
Costs associated with the offer under this PDS	-	(5,785)
Distributions paid and payable	(9,968)	(2,621)
Revaluation of Securities	-	(905)
	<b>157,899</b>	<b>127,108</b>

#### **(d) Components of net assets attributable to unitholders**

Included within closing net assets attributable to unitholders are the following:

Net unrealised gains in market value of securities	38,233	2,975
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# LINQ RESOURCES FUND

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2006

### 7. Cash and cash equivalents

#### (a) Reconciliation of cash and cash equivalents

2006	2005
\$000	\$000

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

- Cash at bank	4,321	29,764
- Short term deposits	40,000	60,000
	44,321	89,764

Cash at bank and in hand earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Fund and earn interest at the respective short-term deposit rates.

The fair value of cash and cash equivalents is \$44,321,000 (2005: \$89,764,000).

2006	2005
\$000	\$000

#### (b) Reconciliation of change in net assets attributable to unitholders to net cash flows from operating activities:

Change in net assets attributable to unitholders	27,348	8,654
--	--------	-------

#### *Adjustments for:*

Distributions to unitholders	9,968	2,621
Change in fair value of investments	(25,745)	(7,080)
Net realised gains on sale of investments	(8,709)	(4,973)
Interest income	(216)	-

#### *Changes in assets and liabilities:*

Increase/(decrease) in management fees payable	-	(200)
Increase/(decrease) in performance fees payable	-	(236)
Increase/(decrease) in GST payable	(8)	(27)
Increase/(decrease) in other accounts payable	17	105
(Increase)/decrease in accrued interest	176	(274)
(Increase)/decrease in GST recoverable	308	(335)
Decrease in prepayments	(3)	-
(Increase) in other receivables	(110)	-

#### Net cash flows from/(used in) operating activities

3,026	(1,745)
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#### (c) Non-cash financing and investing activities

Non-cash financing and investing activities carried out during the year on normal commercial terms and conditions included:-

- Reinvestment of unitholders distributions	1,010	-
- Issue of listed equities in lieu of interest income	216	-

# **LINQ RESOURCES FUND**

## **NOTES TO THE FINANCIAL STATEMENTS** **30 JUNE 2006**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
<b>8. Auditors' Remuneration</b>		
Amounts received or due and receivable by Ernst & Young for:		
- an audit or review of the financial report of the Fund	69,540	21,000
- other services in relation to the Fund		
- Initial public offering	-	218,456
- Taxation advice	51,787	22,602
	<u>121,327</u>	<u>262,058</u>

## **9. DIRECTOR AND EXECUTIVE DISCLOSURES**

### **(a) Details of Key Management Personnel**

G. Toll – Chairman (non-executive)  
C. Donner – Managing Director (executive)  
B.G. Camarri (non-executive)  
G. Fariss (non-executive)  
N. Lattimore (non-executive)  
G. de Nys (non-executive)

There were no changes of the key management personnel after reporting date and the date the financial report was authorised for issue.

### **(b) Compensation of Key Management Personnel**

The board of LinQ Capital Limited has set the aggregate level of director's fees at \$250,000. Directors' fees are reimbursed from the LinQ Resources Fund in accordance with the Fund's Constitution.

Remuneration of Directors is paid directly by LinQ Capital Limited. The Directors do not receive any remuneration directly from the LinQ Resources Fund however directors' fees and expenses are reimbursed to LinQ Capital Limited in accordance with the Fund's constitution. The Board assesses the appropriateness of the nature and amount of the fees paid to Directors by relevance to relevant market conditions, the Board Charter and the Corporate Governance Overview Statement, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board.

The key management personnel compensation paid or payable for the year and reimbursed by the Fund is as follows:-

# **LINQ RESOURCES FUND**

## **NOTES TO THE FINANCIAL STATEMENTS** **30 JUNE 2006**

Specified Directors	Position held	Short-term	
		Fees <sup>1</sup>	Fees <sup>1</sup>
		2006	2005
		\$	\$
Gordon Toll	Non Executive Chairman	70,000	59,525
Bruno Camarri	Non Executive	60,000	42,741
Clive Donner	Managing Director	-	-
Graham Fariss	Non Executive	35,000	11,239
Nicholas Lattimore	Non Executive	25,000	11,239
Gerrit de Nys	Non Executive	25,000	9,704
<b>Total short- term</b>		<b>215,000</b>	<b>134,448</b>

1 - includes superannuation where applicable

### **Shareholdings of Key Management Personnel**

	Balance		Net Change		Balance	
Director	01-Jul-05				30-Jun-06	
	Ord Units	Options	Ord Units	Options	Ord Units	Options
Gordon Toll	500,000	500,000	131,776	-	631,776	500,000
Bruno Camarri	50,000	50,000	1,316	-	51,316	50,000
Clive Donner	150,000	150,000	119,101	-	269,101	150,000
Graham Fariss	40,000	40,000	65,000	-	105,000	40,000
Nicholas Lattimore	-	-	-	-	-	-
Gerrit de Nys	25,000	25,000	609	-	25,609	25,000

All equity transactions with key management personnel, which relate to the Fund's listed ordinary units and options, have been entered into on an arms length basis.

### **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 Trustees Nominees Limited is the custodian of the Trust.

The parent entity of LinQ Capital Limited is Ashdon Nominees Pty Ltd.

#### **(b) Directors**

The names of the persons who were Directors of LinQ at any time during the financial year 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 Mr Gerrit de Nys.

## LINQ RESOURCES FUND

### NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2006

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#### **(c) Fees and Reimbursements**

##### *Management Fees*

Under the Fund Constitution, the Responsible Entity is entitled to receive fees monthly in advance calculated:-

- to October 2004, at 2% (exclusive of GST) per annum on Committed Capital or minimum fee \$200,000 per quarter as defined under the Fund Constitution.
- from October 2004, 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 financial year.

- \$Nil (2005: \$200,000) to the previous manager (Rothschild Australia Global Resources Fund Limited) for the period to 11 October 2004.
- \$2,595,658 (2005:\$1,307,787 for the period from 11 October 2004) to LinQ Capital Limited.

##### *Reimbursed expenses from the Fund*

During the year the Responsible Entity incurred certain expenses on behalf of the Fund of \$503,580 (2005: \$136,442). These costs were reimbursed by the Fund in accordance with the Fund's Constitution.

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

The Board has set the aggregate level of director's fees for the first year subsequent to listing at \$200,000 and \$250,000 as the maximum aggregate limit for subsequent years. During the year LinQ Capital Limited received or has receivable \$215,000 (2005: \$134,447) 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 9(c) above.

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

- (i) Mr Clive Donner is a director and has direct interests 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.
- (ii) Mr Nick Lattimore was a director and employee of N M Rothschild & Sons (Australia) Ltd. This company and related entities received an initial public offering ('IPO') advisory fee, a reconstruction fee, an IPO performance fee, management fees and uncalled capital fee of \$Nil (2005: \$2,570,001).
- (iii) LinQ Capital Limited, a wholly owned entity of Ashdon Nominees Pty Ltd, a company associated with Mr Clive Donner, received \$2,595,658 (2004: \$1,307,787) excluding GST, for the management of the Fund.
- (iv) Mr Bruno Camarri received \$Nil (2005: \$100,000) excluding GST, as a special exertion fee for services rendered in assisting with the arrangement and preparation of the listing of the LinQ Resources Fund.
- (v) Mr Bruno Camarri was a former Partner and is now a consultant to Freehills legal firm. During the year ended 30 June 2006 the Trust paid Freehills the amount of \$80,285 (2005: \$496,359) in legal expenses.

## **LINQ RESOURCES FUND**

### **NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2006**

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The Fund earned interest income on interest bearing securities with Wedgetail Exploration NL of \$555,397 (2005: \$230,142).

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.

#### **11. Financial Risk Management Objectives and Policies**

The Fund's principal financial instruments, other than derivatives, comprise listed and unlisted securities, mezzanine finance facilities and cash and short-term deposits.

The main purpose of these financial instruments is to generate a return on the investment made by unitholders.

The Fund has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally an assortment of instruments, such as convertible notes and options.

The main purpose is to manage financial risks associated with the Fund's investment transactions, and as a means of effecting a change in the asset mix. Investments in derivatives are not used to gear the Fund's investment portfolio, and are limited to the asset allocation for the underlying investment class.

The main risks arising from the Fund's financial instruments are interest rate risk, credit risk, market price risk, foreign currency risk and liquidity risk. The responsible entity reviews and agrees policies for managing each of these risks and they are summarised below. The Fund also monitors the market price risk arising from all financial instruments.

The Fund's accounting policies in relation to derivatives are set out in Note 1.

##### **(a) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Fund's exposure to market risk for changes in interest rates relate primarily to investments held in interest bearing instruments. The Fund's policy is to invest in accordance with the parameters as set out in the Constitution. The Fund's exposure to interest rate risk is set out in note 11(c).

##### **(b) Credit risk**

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised by the Fund primarily by:

- Carrying out all on market transactions through approved brokers.
- Settling non market transactions with the involvement of suitably qualified legal and accounting personnel, both internal and external, with the support of the Responsible Entity.

## LINQ RESOURCES FUND

### NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2006

- The manager undertaking detailed due diligence on potential investments.

Receivables comprise interest accrued on interest bearing investments and the call deposit.

The Fund's credit risk is concentrated amongst the following convertible notes, mezzanine finance facility and interest accrued thereon, the terms of which are stated:

#### 30 June 2006

CopperCo Ltd mezzanine finance facility<sup>1</sup>

Elkedra Diamonds NL<sup>2</sup>

Oilex NL

Wedgetail Exploration NL convertible note<sup>2</sup>

#### 30 June 2005

CopperCo Ltd mezzanine finance facility

Riversdale Mining Limited convertible note

Wedgetail Exploration NL convertible note

Principal & Accrued Interest	Interest Rate	Maturity Dates
\$000	%	
11,018	8.7%-9%	Between Sep-06 & Sep-07
8,127	10.0%	Between Jun 08 & Sep-08
5,000	10.0%	Mar-07
5,000	10.0%	Between May-07 & Jan-07
5,042	8.7%	May-07
2,144	8.0%	Dec-05
5,500	10.0%	Between May-06 & Jan-07

1. Comprises four different facilities

2. Comprises two different facilities



## **LINQ RESOURCES FUND**

### **NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2006**

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#### **(c) Market Price Risk**

Market price risk represents the risk that the value of a financial instrument will fluctuate as result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market.

Market risk is minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

#### **(d) Foreign Currency Risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund has exposure to foreign currency risk implicit in the value of portfolio securities denominated in a foreign currency, and transactional exposure arising from planned purchases or sales of securities.

The Fund's only foreign currency exposure is to an investment denominated in pounds sterling and no hedging strategy is in place for this exposure.

#### **(e) Liquidity and Cash Flow Interest Rate Risk**

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. Cash flow interest rate risk is the risk that future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

To control liquidity and cash flow interest rate risk, the Fund invests in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund invests within established investment guidelines to ensure there is no concentration of risk.

The carrying amounts of financial instruments recorded in the financial statements represent their fair value determined in accordance with the accounting policies recorded in Note 1.

### **12. Financial Instruments**

#### **(a) Fair Values**

The carrying amounts of financial instruments recorded in the financial statements represent their fair value determined in accordance with the accounting policies recorded in Note 1.

#### **(b) Derivative financial instruments**

A derivative is a financial contract whose value depends on, or is derived from, underlying assets, liabilities or indices. Derivative transactions include a wide assortment of instruments, such as convertible notes, forwards, futures, options and swaps.

Convertible notes are considered to be part of Fund's normal investment process. The use of convertible notes are part of the Fund's portfolio management and they are used to manage financial risks associated with the Fund's investment transactions, and as a means of effecting a change in the asset mix.

# LINQ RESOURCES FUND

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2006

The Fund has the following derivatives:

### 30 June 2006

Atlas Gold Ltd options  
CopperCo Ltd options  
CopperCo Ltd convertible note  
Elkedra Diamonds NL options  
Elkedra Diamonds NL options  
Elkedra Diamonds NL options  
Oilex NL options  
Sun Resources Ltd options  
Sun Resources Ltd options  
Sun Resources Ltd options  
Universal Resources call options\*\*\*\*  
  
Wedgetail Exploration NL convertible note  
Wedgetail Exploration NL convertible note

Number of Derivatives	Exercise Price	Market Price		Exercise/ Maturity Date	Exercise Amount
	\$A	\$A			\$000
6,867,135	0.3	0.5	*	Nov-08	2,060
25,000,000	0.2	0.37	*	May-07	5,000
6,006,006	0.33	0.37	*	Jul-07	1,982
6,250,000	0.4	0.605	*	Sep-08	2,500
2,000,000	0.9	0.605	*	May-10	1,800
200,000	1.2	0.605	*	May-10	240
3,600,000	0.5	1.07	*	Mar-10	1,800
2,000,000	0.25	0.13	*	Feb-08	500
2,000,000	0.35	0.13	*	Apr-08	700
2,000,000	0.45	0.13	*	Jun-08	900
30,303,030	0.132	0.16	*	Between Sep-06 and Sep-07	4,000
71,428,571	0.035	0.042	*	May-07	2,500
45,454,545	0.055	0.042	*	Jan-07	2,500
					26,482

### 30 June 2005

CopperCo Ltd options\*\*  
Grange Resources Ltd options  
Riversdale Mining Limited options  
Riversdale Mining Limited convertible note\*\*\*  
Wedgetail Exploration NL convertible note  
Wedgetail Exploration NL convertible note  
Wedgetail Exploration NL options

Number of Derivatives	Exercise Price	Market Price		Exercise/ Maturity Date	Exercise Amount
	\$A	\$A			\$000
250,000,000	0.02	0.02	*	May-07	5,000
4,285,715	0.5	0.5	*	Nov-06	2,143
1,000,000	0.2	0.42		Aug-05	200
1,562,500	1.35	1.35		Dec-05	2,109
71,428,571	0.035	0.042	*	May-06	2,500
45,454,545	0.055	0.042	*	Jan-07	2,500
36,137,358	0.05	0.005		Dec-05	1,807
					16,259

\* Market bid price is taken to be the ordinary share price for the unlisted derivative

\*\* Subject to a 10 for 1 consolidation in 2006

\*\*\* Convertible into two ordinary shares.

\*\*\*\* CopperCo loan conversion into URL shares or repay cash

The Fund did not enter into any other derivative financial instruments during this financial year.

# LINQ RESOURCES FUND

## NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2006

### (c) Interest Rate Risk

The following table sets out the carrying amount, by maturity, of the Fund's financial instruments that are exposed to interest rate risk:

**30 June 2006**  
**On Balance Sheet**

**Financial assets**  
Cash  
Convertible notes and mezzanine facilities

Weighted Average Effective Interest Rate	Floating Rate	Fixed interest rate			Total
		<1 Year	>1- <2 Years	>2- <3 Years	
% pa	\$000	\$000	\$000	\$000	\$000
5.6%	44,321	-	-	-	44,321
9.9%	5,000	12,500	6,500	5,000	29,000
		12,500	6,500	5,000	73,321

There were no off balance sheet activities at 30 June 2006.

**30 June 2005**  
**On Balance Sheet**

**Financial assets**  
Cash  
Convertible notes and mezzanine facilities

Weighted Average Effective Interest Rate	Floating Rate	Fixed interest rate			Total
		<1 Year	>1- <2 Years	>2- <3 Years	
% pa	\$000	\$000	\$000	\$000	\$000
4.4%	89,764	-	-	-	89,764
9.5%	5,000	3,000	2,500	2,109	12,609
		3,000	2,500	2,109	102,373

There were no off balance sheet activities at 30 June 2005.

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument.

The other financial instruments of the Fund that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

There were no off balance sheet activities.

**LINQ RESOURCES FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2006**

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**13. Segment Information**

**Industry segment**

The Fund operates solely in the financial investment industry.

**Geographical segments**

The Fund operates from one geographic location, being Australia, from where its investing activities are managed.

**14. Earnings per Unit**

Basic earnings per unit amounts are calculated by dividing the change in net assets attributable to unitholders and net profit attributable to unitholders by the weighted average number of units outstanding during the year.

Diluted earnings per unit is the same as basic earnings per unit.

The following reflects the income and unit data used in the basic and diluted earnings per unit computations.

	<b>2006</b>	<b>2005</b>
	<b>\$000</b>	<b>\$000</b>
Net profit attributable to unitholders	37,316	11,275
Weighted average number of units for basic and diluted earnings per unit (No.)	132,084	81,220
Basic earnings per unit for net profit attributable to unitholders (cents)	28.3	13.9
Diluted earnings per unit net profit attributable to unitholders (cents)	28.3	13.9

**15. Commitments and Contingencies**

The Fund has an investment expenditure commitment of \$2,333,383 (2005: Nil) representing firm allocation placements in two investee companies of the Fund.

**16. Events after the Balance Sheet Date**

Since 30 June 2006 there has not been any matter or circumstance not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Fund.

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## DIRECTORS' DECLARATION

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In accordance with a resolution of the Directors of LinQ Capital Limited, 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 30 June 2006 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards 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) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2006; and
- (d) the financial statements 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 July 2006

## **Independent audit report to the unitholders of the LinQ Resources Fund**

### **Scope**

#### *The financial report and directors responsibility*

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration of the Responsible Entity for the LinQ Resources Fund (the Fund), for the year ended 30 June 2006.

The directors of the Fund 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 Standards in Australia, 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.

#### *Audit approach*

We conducted an independent audit of the financial report in order to express an opinion to the unitholders of the Fund. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, 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.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report and the remuneration disclosures. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors of the Responsible Entity and management of the Fund.

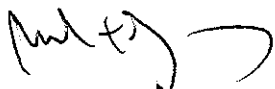
**Independence**

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. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

**Audit opinion**

In our opinion:

1. the financial report of the LinQ Resources Fund is in accordance with:
  - (a) the Corporations Act 2001, including:
    - (i) giving a true and fair view of the financial position of the LinQ Resources Fund at 30 June 2006 and of its performance for the year ended on that date; and
    - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
  - (b) other mandatory financial reporting requirements in Australia; and
  - (c) the provisions of the Fund's constitution.



Ernst & Young



G H Meyerowitz  
Partner  
Perth

Date: 24 July 2006

## ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 18 July 2006.

### (a) Distribution of units

The numbers of unitholders, by size of holding are:

	Number of holders	Number of units
1 - 1000	24	10,597
1001 - 5000	487	1,625,546
5001 - 10,000	359	2,820,492
10,001 - 100,000	640	19,127,833
100,001 and over	86	108,754,826
Total	1,596	132,339,294

### (b) Twenty largest unitholders

The names of the twenty largest holders of quoted units are:

	Twenty largest unit holders	Number of units	Percentage of units
1	AUSTRAL-ASIA RESOURCES & INFRASTRUCTURAL INVESTMENTS PTY LTD	20,486,813	15.5%
2	WA LOCAL GOVERNMENT SUPERANNUATION PLAN PTY LTD	8,126,815	6.1%
3	JP MORGAN NOMINEES AUSTRALIA LIMITED	7,473,301	5.6%
4	COGENT NOMINEES PTY LIMITED	6,546,640	4.9%
5	N M ROTHSCHILD & SONS (AUSTRALIA) LIMITED	5,550,479	4.2%
6	BOND STREET CUSTODIANS LIMITED	5,500,000	4.2%
	<WESTERN PACIFIC SPECIAL SITUATIONS FUND>		
7	FIRE AND EMERGENCY SERVICES SUPERANNUATION BOARD	4,814,518	3.6%
8	QUEENSLAND INVESTMENT CORPORATION	4,249,387	3.2%
9	INVESTEC BANK (AUSTRALIA) LIMITED	3,610,889	2.7%
10	INSTANZ NOMINEES PTY LTD	3,088,260	2.3%
11	COAL INDUSTRY SUPERANNUATION FUND	3,009,074	2.3%
12	JAGEN PTY LTD	3,009,074	2.3%
13	NATIONAL NOMINEES LIMITED	2,707,132	2.0%
14	M F CUSTODIANS PTY LTD	2,407,259	1.8%
15	INVIA CUSTODIAN PTY LIMITED	2,278,620	1.7%
	<WAM CAPITAL LIMITED A/C>		
16	UBS NOMINEES PTY LTD	2,166,610	1.6%
17	HOWITT NOMINEES PTY LTD	2,052,632	1.6%
	<THE CAPRICORN A/C>		
18	BT PORTFOLIO SERVICES LIMITED	1,284,259	1.0%
	<ENERVIEW PTY LTD A/C>		
19	YANDAL INVESTMENTS PTY LTD	1,282,895	1.0%
20	CLOUGH SUPERANNUATION PTY LTD	1,203,630	0.9%
	<CLOUGH SUPER FUND A/C>		
		90,848,287	68.6%



### (c) Twenty largest option holders

The names of the twenty largest holders of quoted options are:

Twenty largest option holders		Number of options	Percentage of options
1	AUSTRAL-ASIA RESOURCES & INFRASTRUCTURAL INVESTMENTS PTY LTD	20,000,000	15.3%
2	WA LOCAL GOVERNMENT SUPERANNUATION PLAN PTY LTD	8,018,147	6.1%
3	JP MORGAN NOMINEES AUSTRALIA LIMITED	6,549,255	5.0%
4	FIRE AND EMERGENCY SERVICES SUPERANNUATION BOARD	4,814,518	3.7%
5	CLOUGH INVESTMENT HOLDINGS PTY LTD	4,200,818	3.2%
6	CONTINUATION INVESTMENTS CAYMAN LIMITED	4,118,997	3.1%
7	MR SIMON ROBERT EVANS	4,000,000	3.1%
8	INVESTEC BANK (AUSTRALIA) LIMITED	3,610,889	2.8%
9	QUEENSLAND INVESTMENT CORPORATION	3,583,502	2.7%
10	COAL INDUSTRY SUPERANNUATION FUND	3,009,074	2.3%
11	INSTANZ NOMINEES PTY LTD	3,009,074	2.3%
12	JAGEN PTY LTD	3,009,074	2.3%
13	BT PORTFOLIO SERVICES LIMITED <ENERVIEW PTY LTD A/C>	2,407,259	1.8%
14	M F CUSTODIANS PTY LTD	2,407,259	1.8%
15	COGENT NOMINEES PTY LIMITED	2,180,938	1.7%
16	HOWITT NOMINEES PTY LTD <THE CAPRICORN A/C>	2,000,000	1.5%
17	NATIONAL NOMINEES LIMITED	2,000,000	1.5%
18	TPIC LIMITED	1,500,000	1.1%
19	YANDAL INVESTMENTS PTY LTD	1,250,000	1.0%
20	CLOUGH SUPERANNUATION PTY LTD <CLOUGH SUPER FUND A/C>	1,203,630	0.9%
		82,872,434	63.3%

### (f) Substantial unitholders

The names of substantial unitholders who have notified the Fund in accordance with section 671B of the Corporations Act 2001 are:

Substantial Shareholder	Number of units
Austral-Asia Resources and Infrastructural Investments Pty Ltd	20,000,000
Select Asset Management Limited	8,097,839
Challenger Financial Services Group Limited	7,771,465

### (g) Voting rights

All units carry one vote per unit without restriction.

## CORPORATE GOVERNANCE STATEMENT

ASX Corporate Governance Council has published the ‘Principles of Good Corporate Governance and Best Practice Recommendations’. LinQ Capital Limited (“LCL”) in its capacity as Responsible Entity of the LinQ Resources Fund (“Fund”) has addressed those Guidelines and these are covered in more detail on the Funds website at [www.linqresources.com](http://www.linqresources.com)

More specific information on the Fund’s corporate governance principles follows:

### Composition of the Board

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least 3 and a maximum of 12 directors and should maintain a majority of non-executive directors;
- the chairperson must be a non-executive director,
- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet at least monthly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

The Directors in office at the date of this statement are:

Name	Position	
Mr Gordon Toll	Chairman, Non Executive	Independent
Mr Clive Donner	Managing Director	
Mr Graham Fariss	Non Executive Director	Independent
Mr Bruno Camarri	Non Executive Director	Independent
Mr Nicholas Lattimore	Non Executive Director	
Mr Gerrit de Nys	Non Executive Director	

The Corporate Governance Council of the ASX published the ‘Principles of Good Corporate Governance and Best Practice Recommendations’. Council Guidelines imply that the ideal is to have a Board consisting of a majority of independent non-executive directors. The independence of each director has been assessed according to the ASX’s definition of independence. The Board has a majority of non-executive directors (two of which are independent) and an independent Chairman.

Whilst the Board composition does not strictly comply with the ASX’s recommendation that the Board comprise a majority of independent directors, it is a policy of LinQ Capital Limited that the Board comprises individuals with a range of skills, knowledge and experience necessary to monitor a specialist investment fund in the resources sector. For more than two years the current Board (except Mr de Nys who was appointed in February 2005) have demonstrated that they have the appropriate mix of skills, knowledge and experience to function effectively and therefore the Board does not intend to alter its composition at this stage.

### **Nomination Committee**

The Board has established a nomination committee, which meets at least annually, to ensure that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of Director. The nomination committee comprises three non-executive directors. The nomination committee comprised the following members:

Gordon Toll  
Clive Donner  
Bruno Camarri

### **Audit Committee**

The Board has established an audit committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Responsible Entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes.

This includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the entity to the audit committee.

The committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the audit committee are non-executive directors.

The members of the audit committee during the year were:

Bruno Camarri (Chairman)  
Gordon Toll  
Graham Fariss  
Clive Donner (resigned 1 July 2005)

The audit committee is also responsible for:

- directing and monitoring the internal audit function; and
- nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory audit or review.

### **Board Responsibilities**

As the Board acts on behalf of and is accountable to the unitholders, the Board seeks to identify the expectations of the unitholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage

those risks. The Board seeks to discharge these responsibilities in a number of ways. The responsibility for the operation and administration of the Responsible Entity is delegated by the Board to the Managing Director and the management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the Managing Director and the management team.

The Responsible Entity has adopted a formal Board Charter that sets out the functions reserved for the Board and those delegated to the Managing Director.

Specifically the Board is responsible for:

- setting strategic direction of the Fund and monitoring management's performance within that framework;
- monitoring and overseeing the day to day management of the Fund which is undertaken by the Manager in accordance with the Investment Management Agreement;
- monitoring and approving financial reporting for LinQ Capital Limited and the Fund;
- monitoring risk management, corporate governance and capital management for LinQ Capital Limited and the Fund; and
- ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Fund.

The Chairman is responsible for leading the Board in these duties. The Managing Director is responsible for the efficient and effective operation of LinQ Capital Limited, including bringing material matters to the attention of the Board.

### **Monitoring of the Board's Performance and Communication to Unitholders**

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is reviewed annually the chairperson. Directors whose performance is unsatisfactory are asked to retire.

The Board of Directors aims to ensure that the unitholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to the unitholders through:

- the annual report, which is distributed to all unitholders;
- the half-yearly report, distributed to all unitholders; and
- the quarterly report summarizing the Fund's activities in the past quarter.

**LINQ RESOURCES FUND**

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**MANAGEMENT AND ADMINISTRATION**

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**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