

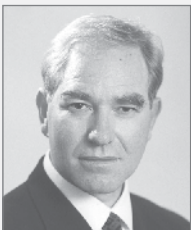


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A word from your manager



LinQ Capital Limited ABN 66 098 197258, your Manager of the LinQ Resources Fund, ARSN 108 168 190 (the "Fund") is pleased to present the following highlights for the December quarter 2009.

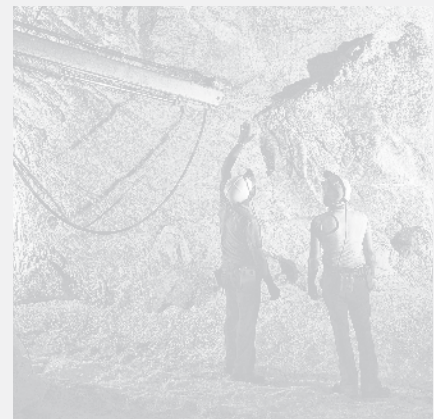
Overview

- Equity markets globally continued to improve over the quarter but have since evidenced downward volatility.
- The Fund's NTA increased by 13.48%.
- The Fund's increased performance was mainly due to its holdings in coal and iron ore companies.
- The Fund divested out of some minor holdings in non-core companies and added to its positions in coal and base metals.

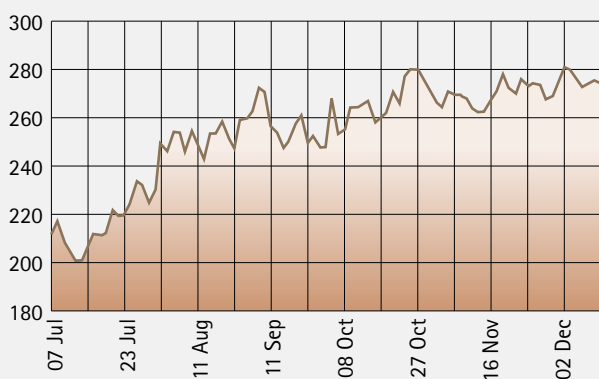
Commentary

This December quarter saw an improvement in global economic conditions in most key markets although there is still significant nervousness and volatility in the markets with no indication yet of sustained global growth. Nonetheless, the large spending undertaken by governments with sizable credit growth in China (30%) created a ripple effect through Asia – which has assisted to lift commodity prices in general. In the mining industry in particular (which has been buoyed by the continued uplift in commodity prices from their mid-year lows in 2008), a significant amount of development activity is being planned.

During the December 2009 quarter, the demand for base metals was strong (the GFMS Base Metals Index up 20%, Figure 1 over), despite this performance apparently not being reflected in the Baltic Dry Index (Figure 2 over) which is a key indicator of future shipping volumes of bulk materials. This Index declined significantly over the period. Copper prices increased by another 12% (already up 16% from last quarter), zinc prices increased by 38% (already up 23% last quarter) and nickel prices increased by 10% (already up 8% last quarter), while gold prices (Figure 3 over) remained strong and managed to finish the quarter at a spot price of \$1087 (7% up on the quarter and it rose 9% last quarter). It is also significant that most iron ore prices are achieving close to spot prices, with a large disparity existing between contract and spot pricing regimes.



**Figure 1: Base metals
6 month performance (GFMS Base Metals Index)**



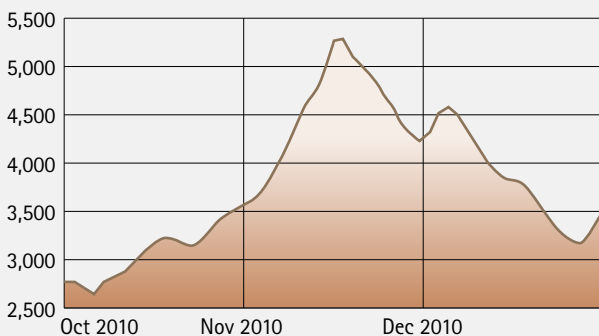
Source: Kitco.com

**Figure 3: Gold spot price (USD/oz)
6 month performance**



Source: Kitco.com

**Figure 2: Baltic Dry Index
3 month performance**



Source: Bloomberg

Global equity markets also continued to rally during the quarter. The S&P 500 Index experienced a rise of 11.7% during this period and other bourses across the world experiencing increases in value although more subdued (the S&P/ASX 200 Index and the FTSE 100 both increased by 4.0% and 7.0%, respectively). Locally the ASX continued to experience a marked increase in capital raisings, especially in the finance and resources sectors. Despite this, your Manager expects there to be some reasonable level of volatility to continue for some time as markets juggle positive signs of recovery against more negative lagging indicators such as unemployment levels and the slow take up of manufacturing capacity.

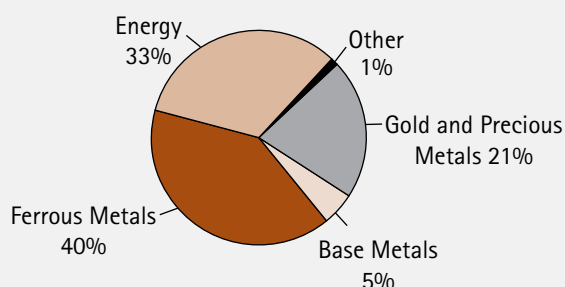
We continue to be concerned with the unsustainably high debt levels in the West – because much of the future growth will probably need to come from emerging markets (particularly Brazil, Russia, India and China), which in turn may also have to offset deflationary pressures elsewhere. The high debt levels could also lead to a market double dip.

Since last quarter, the Fund's NTA increased by AUD\$0.12 (increase of 13.48%) from AUD\$0.89 to AUD\$1.01. The unit price discount to the NTA increased quarter on quarter by 3%. It is envisaged that this discount will narrow over time as the market slowly returns to normality.

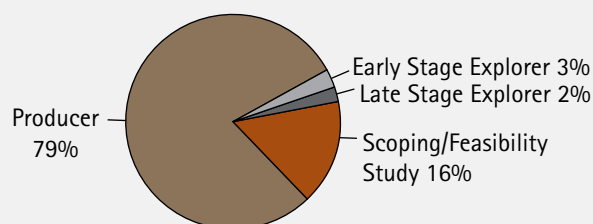
Linq Resources Fund key market statistics as at 31 December 2009

Unit Price (LRF) 30 September 2009	\$0.60
Unit Price (LRF) 31 December 2009	\$0.63
NTA at 30 September 2009	\$0.89
NTA at 31 December 2009	\$1.01
Discount to NTA	38%
Units on Issue ¹	170.6M

Commodity¹



Stage of Project



¹ Excludes LRF 2 units which are excluded on a consolidated basis.

² Compositions are calculated excluding the amount of cash held by the Fund at 31 December 2009.

Linq Resources Fund top 5 investments as at 31 December 2009

Company	Key project domicile	Commodity focus
Atlas Iron Ltd	Australia	Iron Ore
Riversdale Mining Ltd	Southern Africa	Coal
Ferrous Resources Ltd	Brazil	Iron Ore
Lihir Gold Limited	PNG	Gold
Continental Coal Limited	Southern Africa	Coal

ATLAS IRON LIMITED

Atlas is an iron ore producer in the Pilbara region of Western Australia, reaching the million tonne milestone during the quarter. The Company has now declared that it has available 187 Mt of DSO mineral resources at its Pardoo operation, and the Company continues to demonstrate exploration excellence through the continued growth of its extensive mineral inventory including a large magnetite deposit. More recently, Atlas has announced the finalisation of another two DSO contracts, which should put it in a stronger position for additional sales this year.

RIVERSDALE MINING LIMITED

Riversdale is an anthracite coal producer in South Africa with a large coking coal project in Mozambique. The company's large land holding in Mozambique in the Moatize Basin has been identified as a world class coking coal belt. Within a small area of its tenements (<5%), the company has identified a 4 billion tonne Inferred Resource (reported in accordance with JORC (2004) guidelines). Riversdale and its strategic Joint Venture partner Tata Steel of India have recently approved the Stage 1 development of this project, with initial exports anticipated during 2011. It is also significant that CSN of Brazil has also recently acquired a 16% interest in Riversdale. These two large steel consumers on its shareholder register clearly indicates the huge scope for growth in Riversdale's coking coal assets. The company's first stage of coal production (schedule for 2011) will produce some 2 million tonnes per year (1.7 Mt of hard coking coal and 0.3 Mt of export thermal coal).

FERROUS RESOURCES LIMITED

Ferrous is a large unlisted Brazilian iron ore company, which has a number of projects located within the world class Iron Quadrilateral region of Brazil. These projects have a current mineral resource of over 2.9 billion tonnes and an additional 1.5 billion tonnes in exploration potential, reported in accordance with JORC (2004) guidelines. The company is currently examining its preferred strategic options for development and listing.

LIHIR GOLD LIMITED

Lihir is an Australian listed gold producer in the S&P/ASX 50, and has operations primarily in Papua New Guinea, Australia and the Ivory Coast. The Company has recently announced that it produced over 1 million ounces in a year for the first time, in part due to its acquisition of Equigold's assets in Australia and Africa. Lihir's quarterly gold production was up 19% to 278,000 ounces, which was produced at a low \$454/oz (operating cash margins increased by 42% to \$460/oz). Lihir has available Measured and Indicated resources of some 43 million ounces.

CONTINENTAL COAL LIMITED (formerly Continental Capital Ltd)

Continental Coal is an ASX listed emerging mining company which has a 74% interest in over 370 million tonnes of combined coking and export grade thermal coal in South Africa. The projects are well located in the Ermelo and Highveld coal fields areas and have good access to both rail and port infrastructure. The Witbank and Vlakvarkfontein projects are expected to commence production in the first half of 2010.

Outlook

Despite the uncertainty surrounding a sustained global economic recovery, value opportunities continue to present themselves in the volatile market following the broad economic downturn. The Fund is in a strong position to benefit from financing opportunities with continued pressure on the finance sector and tougher lending conditions from banks to mining enterprises. The use of convertible notes and other similar structured finance instruments mitigate risk whilst maintaining the equity upside and are a key investment strategy of the Fund.

The Fund is well placed to identify and capitalise on undervalued resource assets and securities that present in the current market.

About the LinQ Resources Fund

The LinQ Resources Fund is a registered managed investment scheme, which successfully completed an initial public offer and listed on the Australian Stock Exchange on 20 January 2005 (ASX code LRF). The Fund's net asset value at 30 June 2009 was \$148.7 M. LinQ Capital Limited is the Responsible Entity of the Fund.

LinQ Resources Fund is an actively-managed mineral resources Fund which specialises in investments in resources companies both in Australia and overseas. The Fund has become a public trading Trust. Further information about the LinQ Resources Fund can be found on the website www.linqresources.com or by contacting info@linqresources.com

Any financial product advice contained in this quarterly report is general advice only. Any such advice has been prepared without taking into account your objectives, financial situation or needs. Accordingly, before acting on this advice, you should consider whether the advice is appropriate having regard to your objectives, financial situation and needs. Full details of remuneration and other benefits received by LinQ Capital Limited AFSL 239785, its Directors, associates and any related body corporate are contained in the Product Disclosure Statement dated the 11 October 2004 and lodged with ASIC for the offer of units and options in the Fund. Past performance is not necessarily indicative of future performance. Interests in the LinQ Resources Fund may be purchased on the ASX through a licensed securities broker.