



LinQ Resources Fund
October 2010 Update and
Proposed Investment Strategy

www.linqresources.com

Introduction

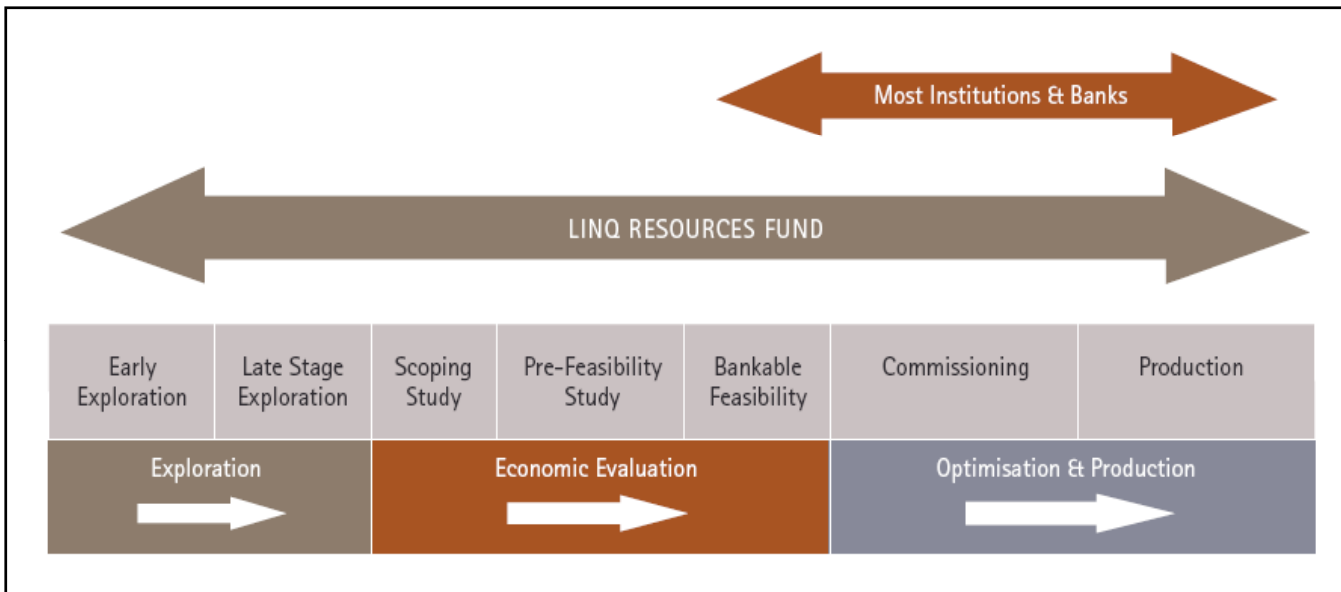


LinQ Resources Fund (LRF)

- The Fund is a closed end ASX listed investment trust
- The Fund aims to provide diversified exposure to the resources sector
- Diversified across asset classes, commodities and geography
- Invests in companies at all stages of development but focuses on near cash flow and producing companies
- Flexible investment approach tailored to manage investment risks through a variety of debt and equity instruments.
- Previously part of the Rothschild Australia Group

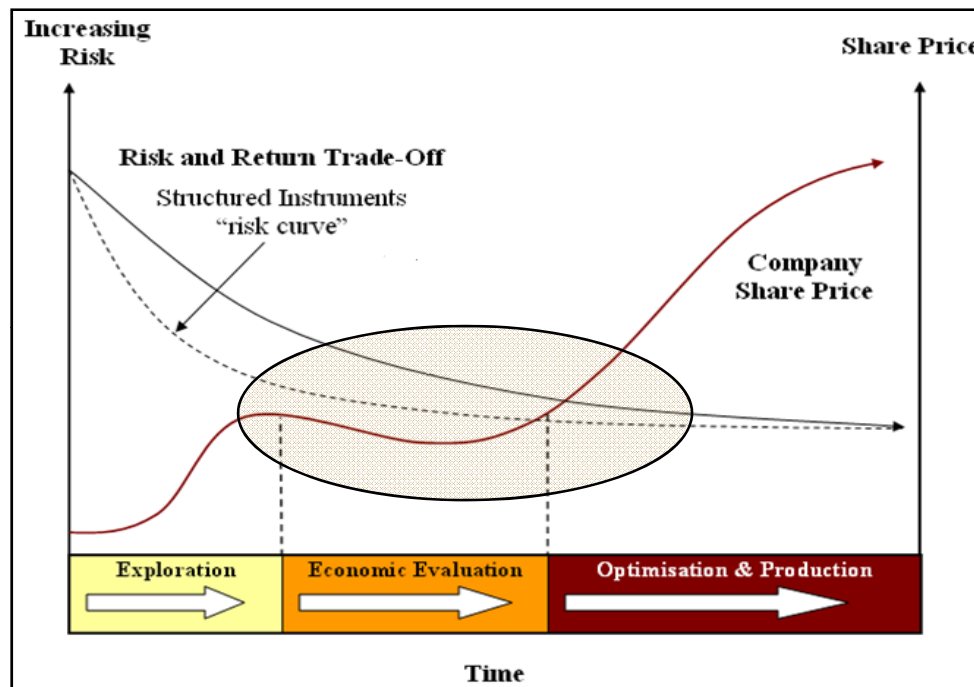


Investment Spectrum and Focus



- LinQ invests along the full spectrum of companies
- Capitalising on multiple re-ratings as a company progresses through the exploration, economic evaluation and production stages
- Current focus is on an active investment strategy targeting producers and near producers

Investment Style and Timing



- Invest predominantly in producers and emerging producers (during later stage economic evaluation and early stage production)



Major Investments (September 2010)

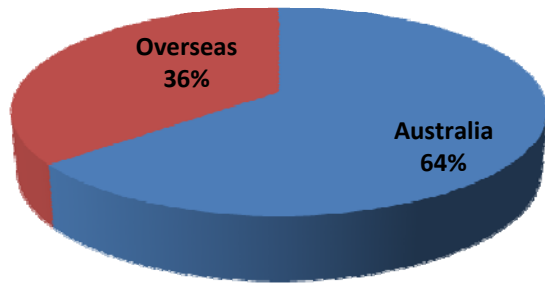
• Riversdale	13%*	Coal
• Atlas	12%	Iron Ore
• Ferrous Resources	11%	Iron Ore
• Newcrest Mining	11%	Gold
• Continental Coal	5%	Coal
• Andean Resources	3%	Gold
• Zambezi Resources	3%	Copper
• Sandfire Resources	2%	Copper
• Other (~15 companies)	15%	Various
• Cash	24%	

* Amounts rounded to nearest whole percentage

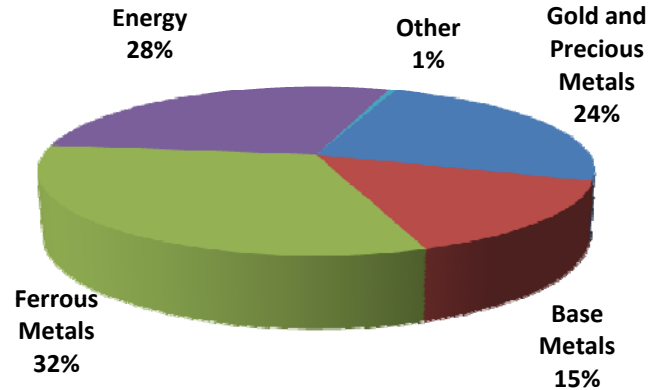


Portfolio Metrics (September 2010)

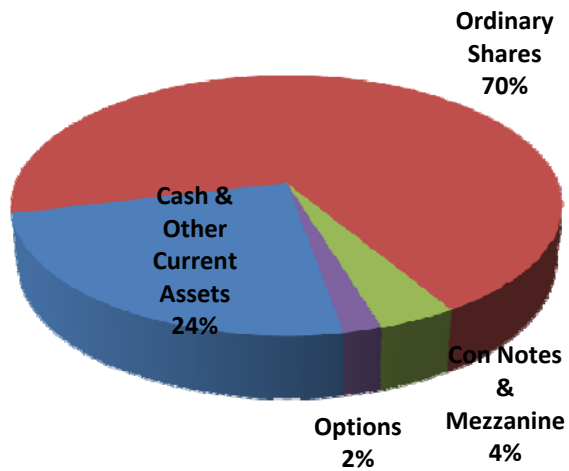
Country Exposure by LRF Value



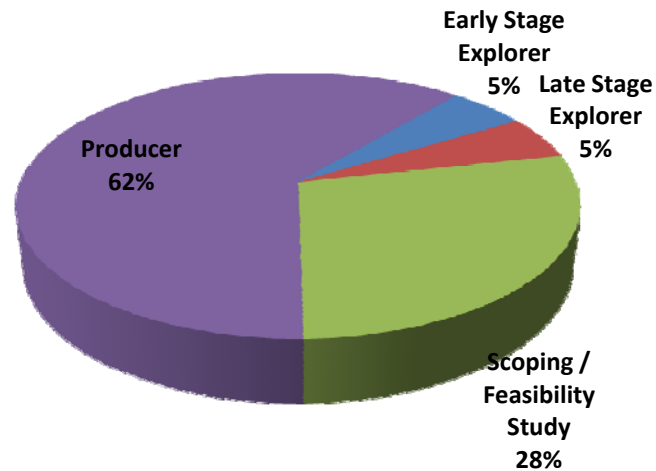
Exposure by Commodity



Exposure by Instrument



Exposure by Project Stage



Performance



Portfolio Performance*

Period	Growth (NTA)
July 2005 – June 2006	30%
July 2006 – June 2007	39%
July 2007 – June 2008	39%
July 2008 – June 2009	- 49%
July 2009 – June 2010	15%

* The numbers are calculated on an NTA per unit basis including distributions paid.



LinQ Fund Distributions

- Strong history of both NTA capital growth and distributions
- Paid annual distributions since listing

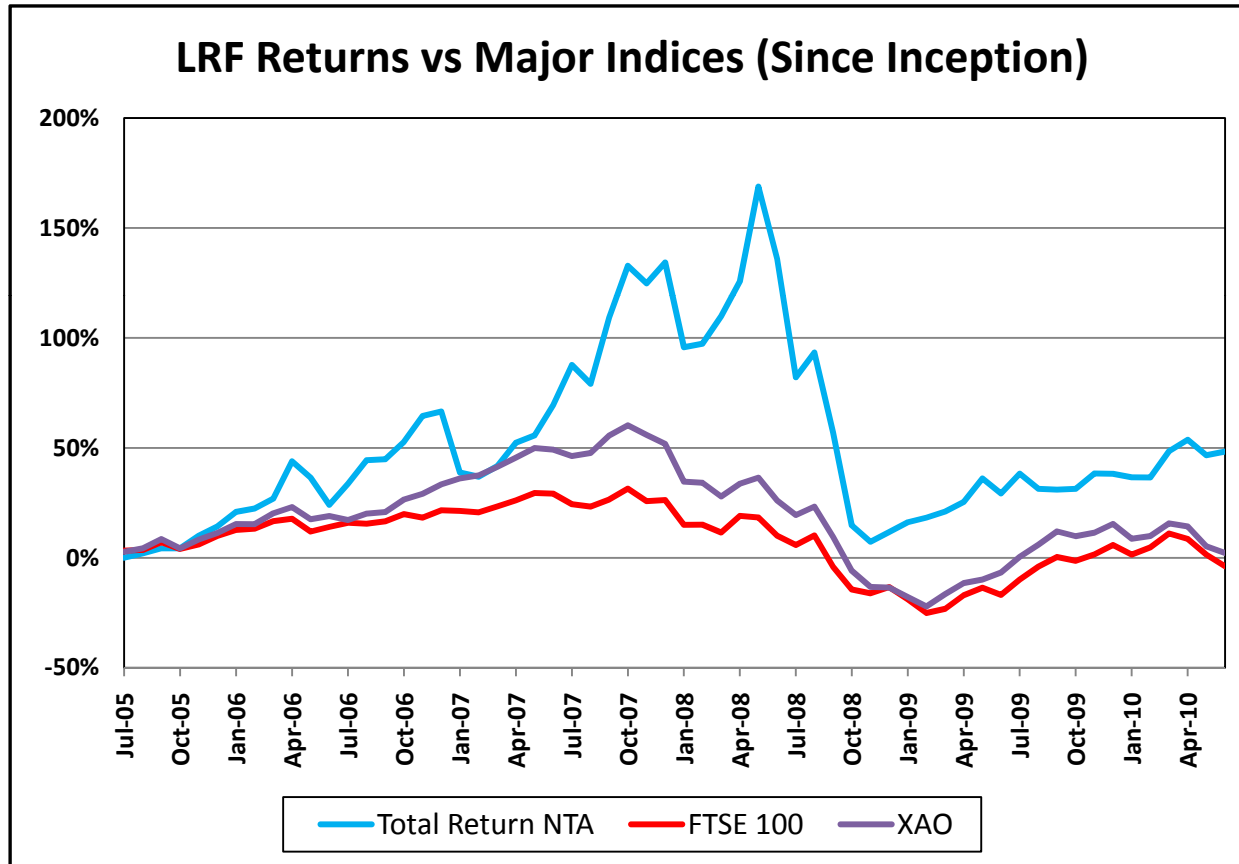
	Distribution	Yield
2005	A\$0.0200/unit	6.3%*
2006	A\$0.0750/unit	9.1%
2007	A\$0.0854/unit	6.5%
2008	A\$0.2005/unit	14.7%
2009	A\$0.0100/unit	1.8%
2010	A\$0.0300/unit	4.3%

* Annualised Percentage as 2005 represented 5 months only

** 2009 Yield based on 29 June 2009 closing price of \$0.54



LRF versus FTSE100 & XAO Indices



Data to 30 June 2010



Convertible Note Analysis (since inception to June 2010)

Name	Principal Investment (\$M)	Total Proceeds (\$M)^	% Return	Annual Return
Continental Coal***	8.0	13.9	74%	51%
Crescent Gold (Au)	2.0	2.5	27%	9%
Millennium Minerals (Au)*	4.4	4.8	9%	11%
Millennium Minerals (Au)*	0.6	0.8	25%	10%
CopperCo A (Cu)*	5.0	9.6	92%	44%
CopperCo B (Cu)*	5.0	5.9	17%	10%
CopperCo C (Cu)*	5.0	5.2	4%	10%
Oilex A (Oil + Gas)*	5.0	5.9	19%	10%
Oilex B (Oil + Gas)*	5.0	5.5	10%	10%
Elkedra A (Diamonds)*	5.0	6.2	23%	10%
Elkedra B (Diamonds)*	3.0	3.5	15%	10%
EMA (Uranium)**	0.8	1.3	62%	20%
Vulcan Resources (Base Metals)*	5.0	5.7	13%	10%
Riversdale Mining (Coal)**	1.6	29.6	1796%	540%
Zambezi Resources	1.0	3.1	206%	227%
Zambezi Resources	0.0	0.6	60%	105%
Total Weighted Return (on principal investment)				38%

*Investment redeemed **Notes converted to equity ^Undiscounted value



Enhanced Business Model



- Global Capital markets (debt & equity) continue to be tight due to bank credit tightening and more recent events in Europe in particular;
- Investors seeking lower volatility and experienced and focused management;
- Mining sector has strong long term fundamentals with support from Chinese and Indian demand growth (and Asia in general).;
- Australia well placed to service the Asian region due to transport advantages (coal and iron ore);
- Impact of new proposed Mining Resource Rent Tax by Federal Government



Rationale for New Model

- Since the GFC, the global uncertainty in the equities market has produced higher market volatility often resulting in a dislocation between short term equity pricing and underlying asset values. This has created opportunity to capture under valued assets in companies where there is disparity between prices and asset valuations
- The Fund has the depth and breadth of skills & experience to recognise and value add to investment opportunities at both financial and technical / operational levels
- Fund value can be favourably rerated when changing from balance sheet (NTA) model to a price earnings valuation model
- Fund has significant deal flow potential which can also be harnessed into a price earnings model

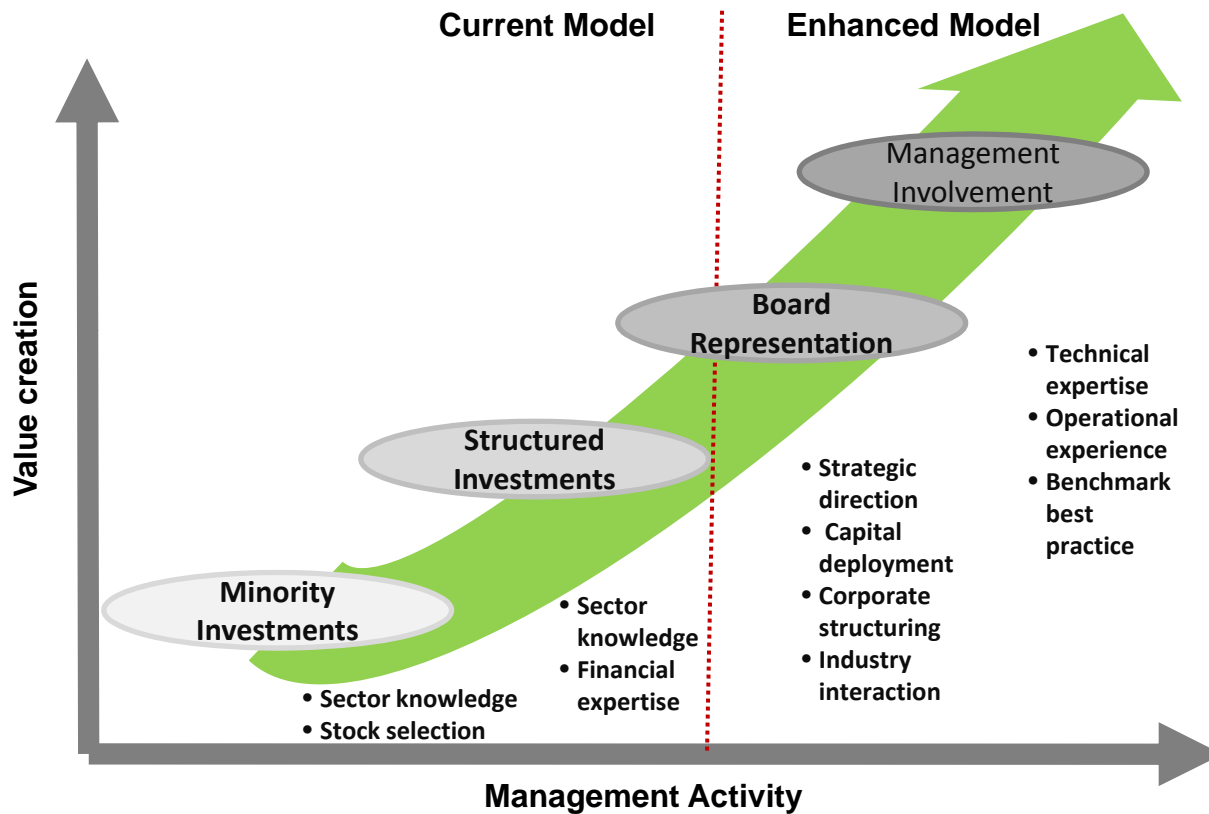


Enhanced Model Strategy

	Current Model	Enhanced Model
Investment Objective <ul style="list-style-type: none"> superior returns from strategically managed portfolio of resources companies 	✓	✓
Diversification <ul style="list-style-type: none"> all commodity types, across geographical locations, from developing mining assets to mature producing resource companies 	✓	✓
Enhanced Risk / Return <ul style="list-style-type: none"> Use of structured investments (including convertible notes) to reduce risk profile of investments and maximise upside 	✓	✓
Control over Investment <ul style="list-style-type: none"> Manage value creation process through involvement in board, operational and management responsibilities 	✗	✓
Investment Visibility <ul style="list-style-type: none"> Direct involvement provides greater visibility in the development of the investment allowing for proactive management style 	✗	✓



Value Creation Proposition



LinQ Capital is uniquely positioned to offer required skills & experience in house, allowing it to drive value creation forward



Longer Term Impact on Key Financials

- ✓ Fund's performance become measurable by realised profits
- ✓ Results detached from short term capital markets volatility
- ✓ Direct involvement in investee companies or projects should allow Fund to take more control over distributions from and capital allocation of investments
- ✓ Change in focus should fend off opportunistic short term arbitrage investors in the Fund



Current Model		Enhanced Model	
Balance Sheet	P/L accounts	Balance Sheet	P/L accounts
<ul style="list-style-type: none"> ● Fair value investment portfolio ● Cash 	<ul style="list-style-type: none"> ● Unrealised gains and losses on portfolio ● Interest income ● Dividend income 	<ul style="list-style-type: none"> ● Fair value investment portfolio ● Cash ● Business assets and joint ventures 	<ul style="list-style-type: none"> ● Realised and unrealised gains and losses on portfolio ● Interest income ● Dividend income ● Royalty income ● Net revenue from business assets and joint ventures

Enhanced Business Model Summary

	Current Model	Enhanced Model
Value creation	<ul style="list-style-type: none"> • Risk management • Portfolio integrity 	<ul style="list-style-type: none"> • Operational performance • Financial results • Portfolio integrity
Manager's responsibilities	<ul style="list-style-type: none"> • Stock Selection 	<ul style="list-style-type: none"> • Stock selection • Board Representation • Technical Assistance
KPI Manager	<ul style="list-style-type: none"> • Mainly NTA growth • Yield 	<ul style="list-style-type: none"> • Earnings & asset growth • Yield
Fund Evaluation	<ul style="list-style-type: none"> • NTA 	<ul style="list-style-type: none"> • Price/Earnings



Activity & Outcome Schedule

First 6 Months

- Rebalancing existing investment portfolio
- Initiate further strategic investments
- Market LRF and broadening unitholder base
- Refocus operational skills into new model

6-24 Months

- Investments in near term or operating assets
- Establish operational joint ventures, royalty streams and consolidation of majority investment holdings
- Market LRF and broaden unitholder base
- Consolidation of group skills
- Transition of LRF rating to a P/E basis

>2 Years

- Multiple operating assets offering diversification
- Market LRF and broaden unitholder base
- LRF expected to be established on a PE valuation basis



Enhanced Business Model Summary

- More active and direct investment in projects, royalty agreements & companies
- Maintain diversification for investors via:
 - commodity (bulk, base, precious and energy)
 - geography
 - asset class (equities & increase convertible notes for lower risk plus yield and equity upside)
 - investee company maturity profile (exploration / feasibility / production) with greater focus on more advanced projects
- Leverage off skills & experience of LinQ people
- Focus Fund's financial performance towards sustainable earnings stream resulting in rerating on a P/E basis (vis-à-vis NTA)
- Less attractive to short term arbitrage investors due to earnings valuation rather than balance sheet (NTA) valuation
- Enhanced investment strategy will drive higher sustainable earnings and balance sheet growth in investee assets for unitholders



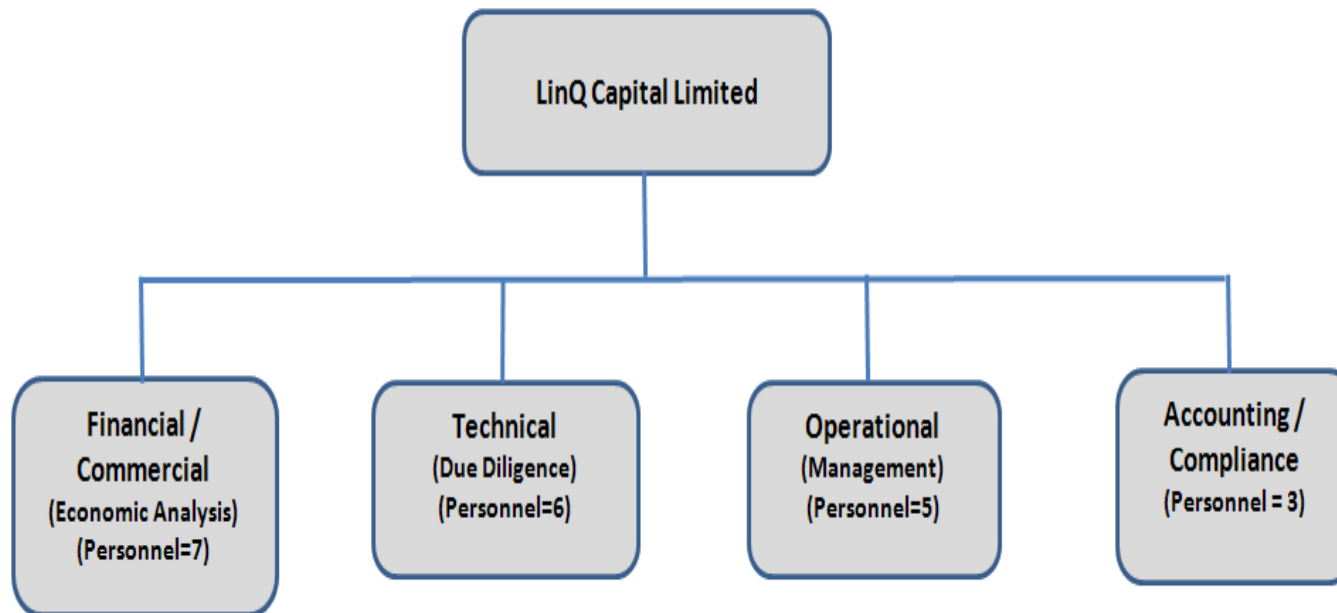
APPENDICES



Team



Highly Experienced Management Team



Highly Experienced Management Team

Clive Donner - Finance

Clive is the Founding CEO of LinQ Group with 28 years experience in equity investment and project financing in the mining industry in Australia and overseas. Previously senior executive with Citibank (9 years) and Director of NM Rothschild (Australia) Limited (16 years). Previously Clive was head of Rothschild project financing business in WA. Substantial investment banking experience in project due diligence, evaluation and financing of mining projects. Clive also has over 20 years of convertible note financing expertise in Australia, specifically in the resources sector.



Richard Procter – Mining Engineer

Richard is a mining engineer with over 30 years broad international experience covering corporate, investment, operations, contracting, consulting and project developments. He has held senior industry positions with engineering and consulting groups such as Bateman, Nedpac, Minproc and DevMin plus significant operational experience in base and precious metals with companies like Lonrho, Avocet, WMC Resources and BHPBilliton. Richard's international mining experience encompasses operations and / or projects in Africa, Australasia, Europe, South America, Middle East and Russia.



Highly Experienced Management Team

Simon Durack - Finance

- 30 years experience in finance in Australia, Europe and Southeast Asia. Mr. Durack's commercial experience includes time worked in the Accounting profession with Coopers & Lybrand (now PricewaterhouseCoopers). He has also held many senior financial and secretarial roles with both large public and private entities.

Pierre Malherbe - Finance

- 15 years experience in the Investment Banking and Finance industries gained with some of the major banks in South Africa, including ABSA and Nedbank. He held senior financial and managerial positions within these Banks and was responsible for managerial, transactional and financial input into multi-million dollar structured finance transactions.

Karen Lloyd- Geologist

- 15 years resource industry experience gained with some of the major mining and consulting houses in Australia and Canada including BHP Billiton and Golder Associates. She held senior positions within these organisations and was responsible for the technical and financial due diligence of mining projects.



Highly Experienced Technical Team

LinQ Group also has a number of highly experienced industry experts

Geoff Jones – Civil Engineer

Engineer with 25 years experience covering the areas of construction, engineering, mineral processing and project development. He spent over 6 years with Resolute Limited, where he was responsible for the development of it's gold and nickel projects both in Australia and Africa.



Peter Rowe – Chemical Engineer

Chemical engineer with 35 years experience covering the areas of mine expansion, mine management and company management. Following 20 years with Anglo American and De Beers, he moved to Australia in the early 1990s. Mr. Rowe was project director of the Fimiston Expansion (Kalgoorlie Superpit) and general manager of the Boddington Gold Mine. He recently retired from his position as executive vice president – business effectiveness for AngloGold Ashanti Australia.



Highly Experienced Technical Team

Evan Kirby – Process Engineer

Evan is a metallurgist with over 30 years of international experience. He has previously held senior positions with Bechtel and Minproc engineering groups. His experience covers gold, platinum group metals, diamonds, copper, nickel, cobalt, zinc, tin, uranium, iron ore, chromite, arsenic, mercury, vanadium, fluorspar, and sulfuric acid production.



Emmanuel Heyndrickx – Finance (London)

Emmanuel holds a degree in Business Economics (MSc) from the University of Ghent, Belgium, supplemented with a Masters' in Financial Management from the Vlerick Management School, Belgium. Emmanuel gained some 8 years of Corporate Finance experience with a number of European investment banks based in London (UK), most recently as a Vice-President with the Funds Advisory team at ING's London Branch. During his time as a Corporate Financier, Emmanuel has lead and executed many public and private mandates both in the UK and in Europe including mergers and acquisitions, ECM (primary/secondary) placings, fund raisings and corporate restructurings.



Highly Experienced Technical Team

Willie Sweta - Mining Engineer (Zambia)

Willie is a very well known and respected person within the mining industry of Zambia as well as within the Southern African Development Community (SADC). Willie's extensive work experience within the mining industry includes Roan Selection Trust (RST) and Anglo- American (Nchanga Consolidated Copper Mines), Noranda Mines (Gaspé Copper Mines, Murdochville, Quebec) and Department of Energy, Minerals and Resources (EMR, Canada) and Zambia Consolidated Copper Mines Ltd (ZCCM). Mr Sweta has a M.Sc, Metallurgical Engineering, from Leningrad University, Russia and also gained a Professional Development (Min. Eng) diploma from McGill University, Canada.



Dr John Waghorn – Geologist (Brazil)

John is a highly experienced geologist with broad industry exposure covering Africa, Asia and South America. John is based in Brazil and has operated with both large and small organisation. John was previously country manager for Rio Tinto in India and exploration manager in South America for Rio Tinto. He has also consulted globally for the large Brazilian company Vale.



Highly Experienced Board

Gordon Toll - Engineer

- +35 years experience in resources sector, former Chairman of FMG

Clive Donner – Finance

- See next slide

Bruno Camarri AM – Lawyer

- +30 years legal experience, former partner of Freehills, a leading Australian law firm

Tai Sook Yee

- +25 years experience in heavy building materials and investment management

Graham Fariss - Engineer

- +25 years experience in resources sector including contracting and mining

Nick Lattimore - Finance

- +30 years investment banking experience, former Managing Director NM Rothschild



Track Record



Track Record & New Opportunities

Successful Track Record

- Track record of highly successful investments including early identification and significant investments into:
- **Riversdale**
- **Atlas Iron**
- **Newcrest Mining**

Recent Growth Opportunities

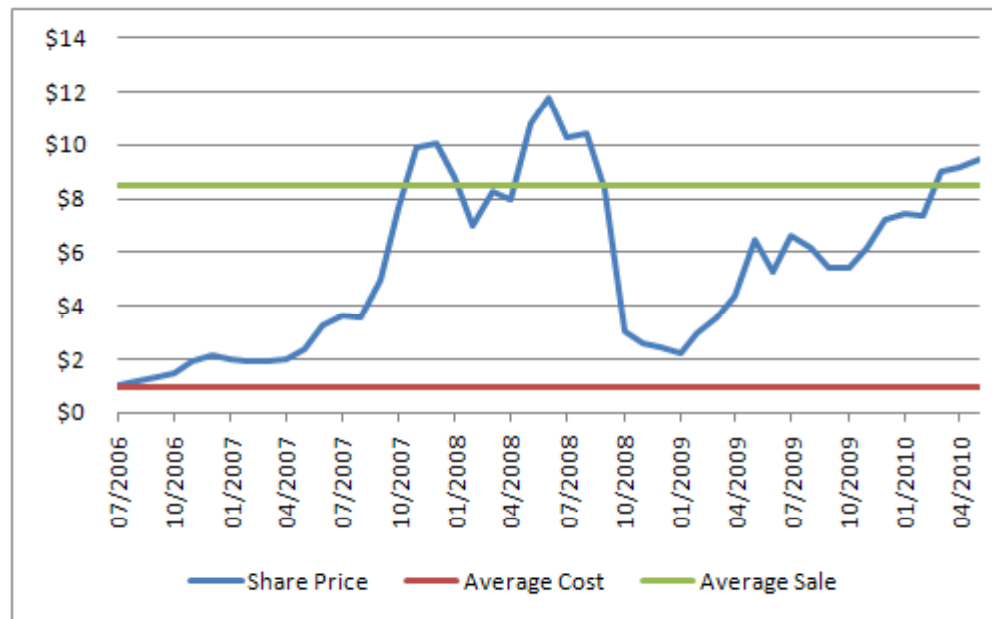
- **Ferrous Resources**
- **Western Areas**



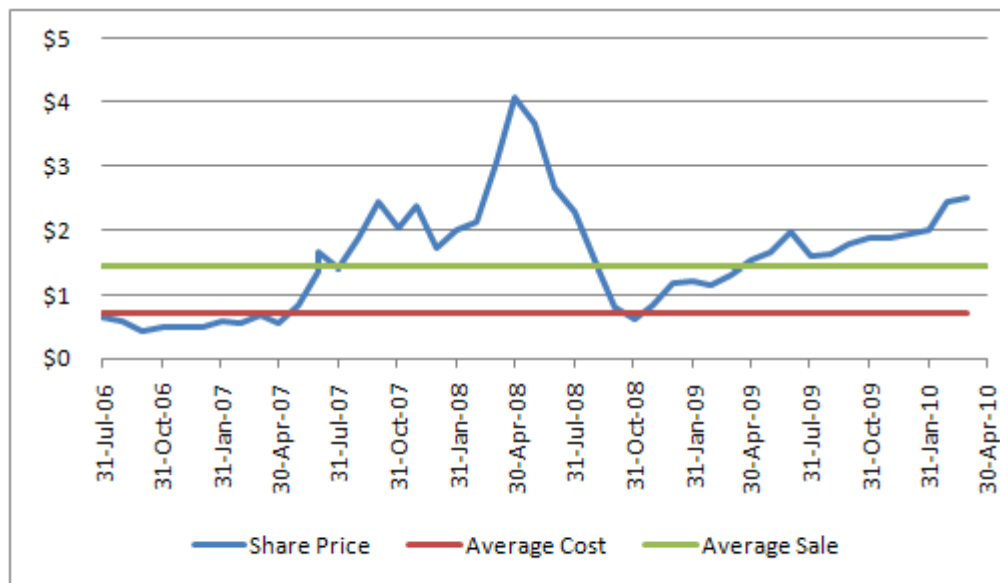
Riversdale Mining Ltd



- LinQ was largest shareholder
- Anthracite producer and developer of 4 billion tonne Benga thermal and coking coal project in Mozambique
- Initial Investment at \$0.20/share in August 2004 - additional investments made through debt and equity
- Convertible note issued Mar 2005, converted in Nov 2005
- **Significant profit earned at >\$8.0/share**

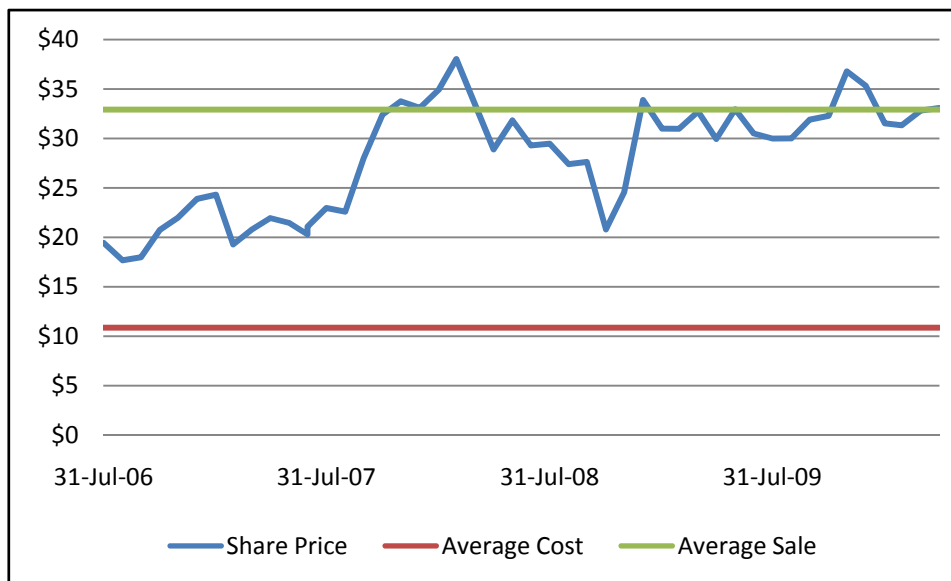


- AGO is an Iron Ore producer and explorer in the Pilbara with over 50 Mt of DSO and 2 Bt of magnetite in Resources
- LinQ was largest shareholder (~9%)
- LinQ now holds ~ 5% interest in AGO with initial interest purchased in 2005 at \$0.22/share
- Exercised 6 M free unlisted options at \$0.30/share in October 2008, LinQ exercised a further free 1.8 million options at \$0.80/share in November 2009
- **Significant profits earned at >\$1.50/share**



Newcrest Mining Limited

- Newcrest is one of the world's lowest cost gold producers
- LinQ acquired its interest in Newcrest through an Equigold merger with Lihir in June 2008 and ultimately the Newcrest takeover of Lihir in September 2010
- Initial interest purchased in Equigold for equivalent of \$1.11/share
- **Strong investment in growing gold sector**



- Ferrous Resources Ltd is an emerging unlisted iron ore company located in Iron Quadrilateral in Brazil
- Initial interest purchased for \$0.71/share in April 2007
- Last placement at \$4.72/share in July 2008
- JORC resource of ~5.0 Bt defined to date



- Western Areas is a West Australian nickel sulphide explorer and producer
- It has discovered the world's highest grade nickel deposit at 6.2% Ni
- It is the lowest cost ASX listed nickel producer
- Initial interest purchased at a time when LinQ noted the stock was undervalued due market volatility
- Current market capitalisation ~ \$720 million



Manager's past performance

1997 - 2002

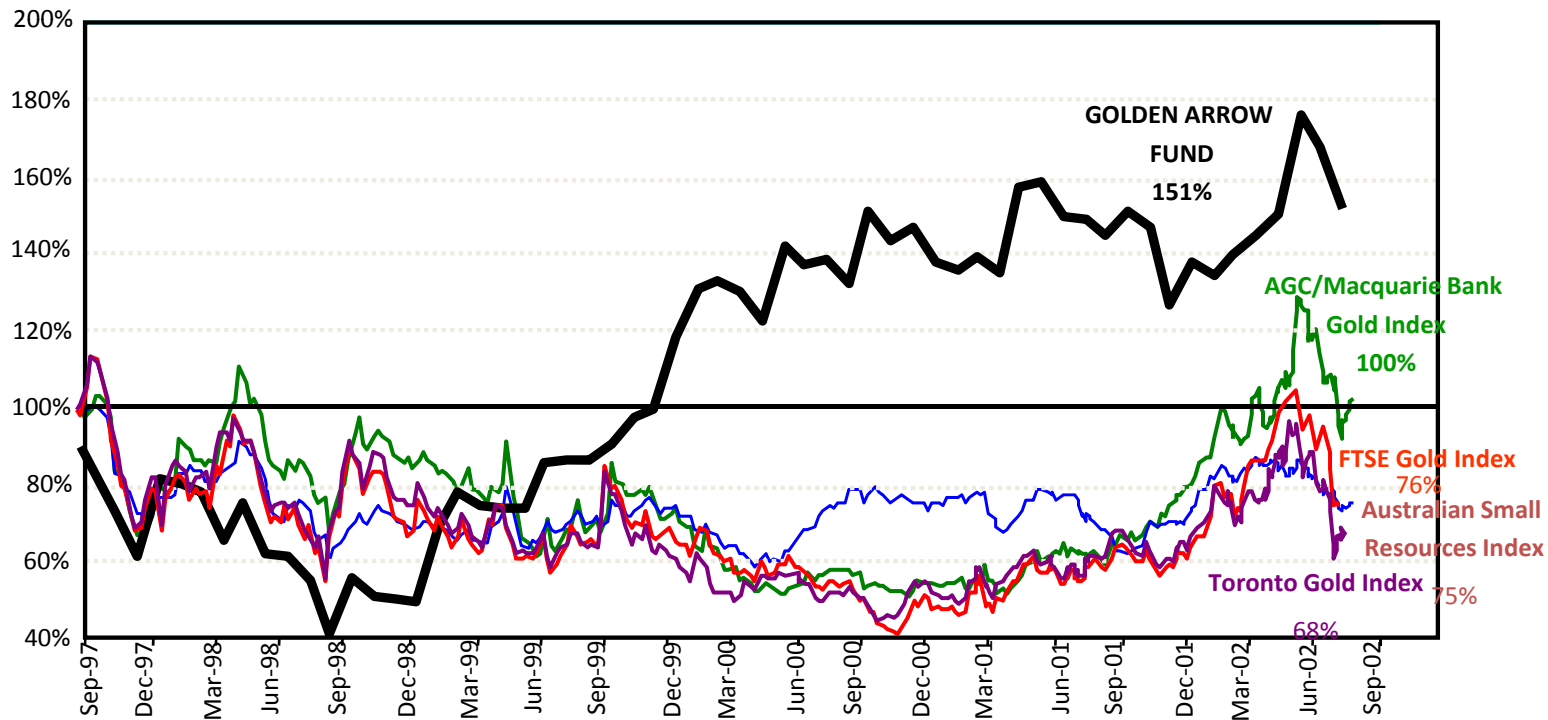
Past Performance



Outperformed in Difficult Markets

Manager's Strong History of Performance

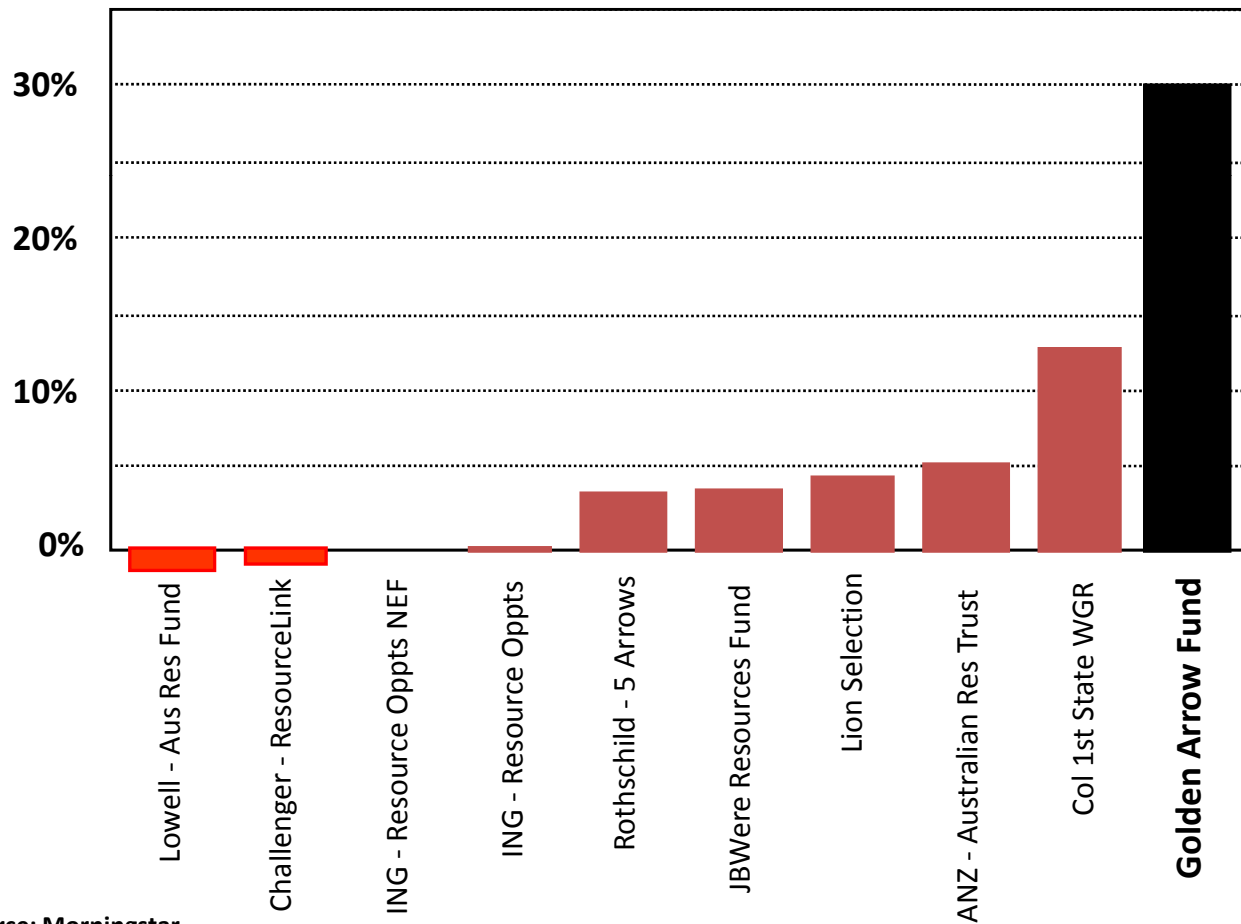
- LINQ 1 Fund (previously Golden Arrow 1 Fund)
- Outperformed all major indices in a bear market



Manager's Strong History of Performance

Australian Resources Funds

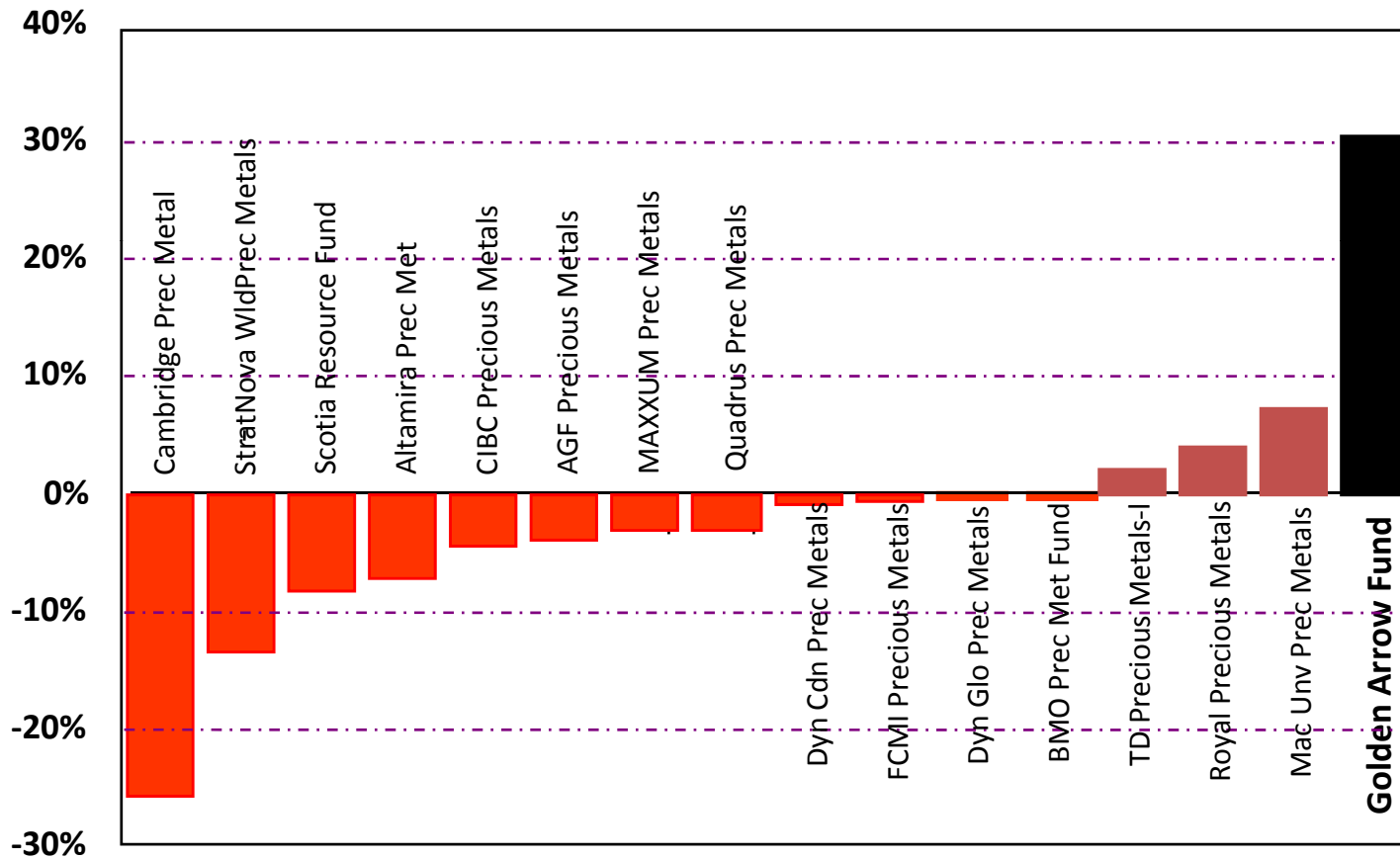
5-year % average annual compound return 1997-2002



Source: Morningstar

Manager's Strong History of Performance

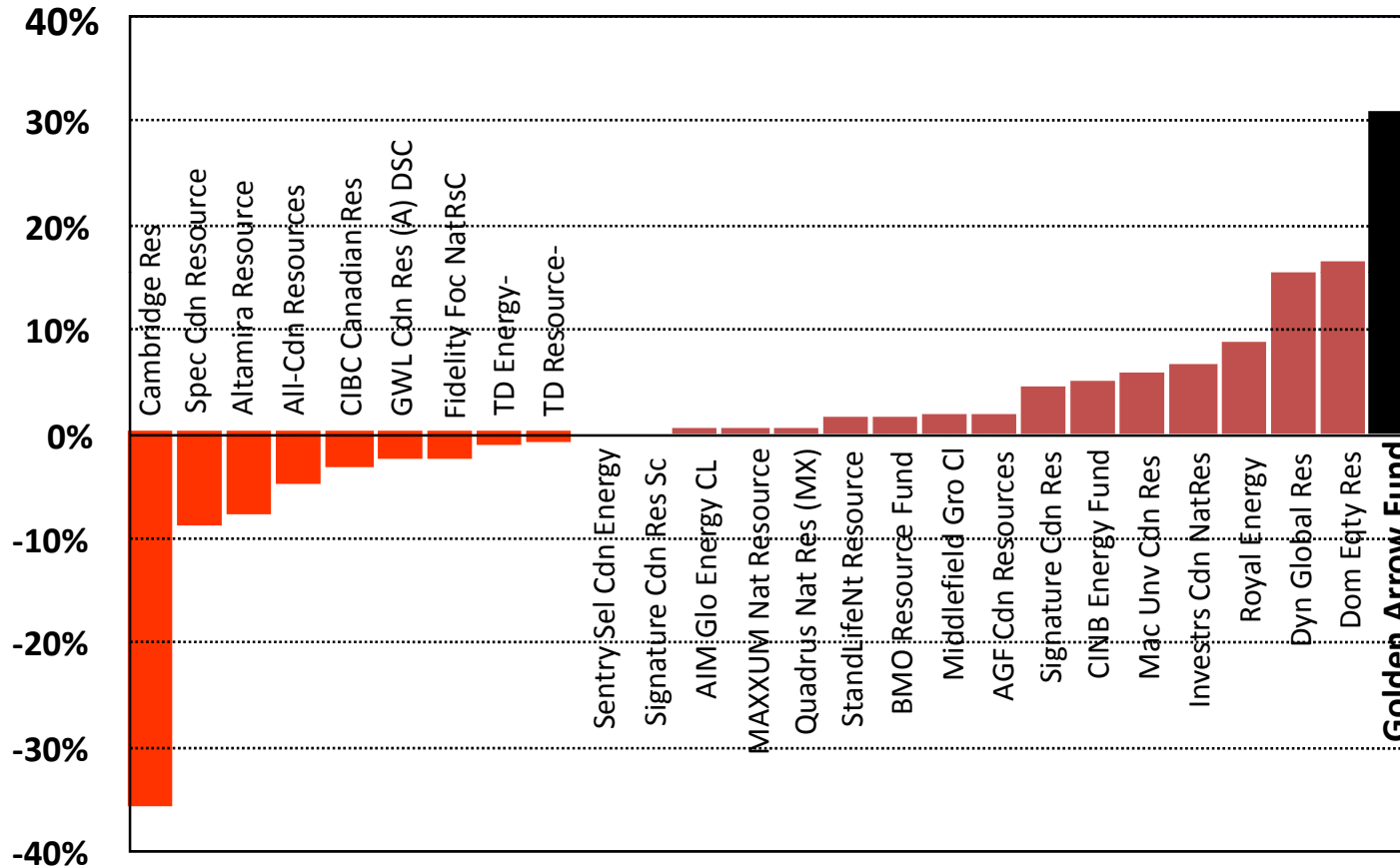
Offshore Precious Metals Funds 1997-2002
5-year % average annual compound return



Source: Financial Post Canada 2002

Manager's Strong History of Performance

Offshore Natural Resources Funds 1997-2002
5-year % average annual compound return



Source: Financial Post Canada 2002

Convertible Note Analysis LinQ Fund 1 (previously Golden Arrow Fund)***



Name	Amount Invested	Total Proceeds	% Return	Annual Return
Gabriel Resources (Au)	\$1.5M	\$12.8M	731%	285%
Murchison United (Cu)	\$0.5M	\$2.2M	396%	157%
Comet Resources (Ni)	\$2.5M	\$3.0M	19%	9%
Hargraves (Au)	\$3M	\$3.4M	15%	23%
PMA (Vanadium) *	\$5M	\$5.8M	17%	16%
ReLode (Base Metals)	\$0.5M	\$1.1M	113%	313%
Taipan (Au)	\$5M	\$6.7M	34%	13%
LionOre (Ni) **	\$2.3M	\$4.9M	113%	40%
Total	\$20.3M	\$39.9M	87%	49%

*See example on next slide

** converted and realized in March 2003

*** Sept 2001



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**LinQ Capital Limited (ABN 66 098 197 258) is the responsible entity for the LinQ Resources Fund ("Fund")
AFSL 239785**

