LINQ RESOURCES FUND

ARSN 108 168 190

PRELIMINARY FINAL REPORT
APPENDIX 4E

FINANCIAL YEAR END 30 JUNE 2011

Results for announcement to the market

1. Details of the reporting period - **30 June 2011**;
and the previous corresponding period - **30 June 2010**

					2011 $000
2.1	Revenue from ordinary activities	up	11%	to	50,254
2.2	Profit from ordinary activities after income tax	down	10%	to	31,741
2.3	Net profit attributable to unitholders	down	10%	to	31,741

		Amount per ordinary unit 2011	**Amount per ordinary unit 2010**
2.4	**Distributions**		
	Interim distribution - unfranked, paid on 31 March 2011	1.5 cent	Nil
	Final distribution – unfranked, payable on 31 August 2011	3 cents	3 cents
2.5	Record date for determining entitlements to the final distribution	30 June 2011	30 June 2010
	Date the final distribution is payable	31 August 2011	30 August 2010

	2011 $000	**2010 $000**
Final distribution amount	3,463	5,227

Distribution Reinvestment Plan

The LinQ Resources Fund Distribution Reinvestment Plan is active. The last day for unitholders to change their DRP election for the final 2011 distribution was 30 June 2011.

2.6 Refer to the attached Manager’s Report.

FINANCIAL YEAR END 30 JUNE 2011

3. Statement of Comprehensive Income – refer to attached financial statements.

4. Statement of Financial Position – refer to attached financial statements.

5. Statement of Cash Flows – refer to attached financial statements.

6. Statement of Changes in Equity – refer to attached financial statements.

7. Details of total distributions and distribution payments - refer to note 2.4 above.

8. Details of distribution reinvestment plans - refer to note 2.5 above.

9. Net tangible assets per ordinary unit – refer to Statement of Financial Position.

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 Manager's report.

13. For foreign entities – Not applicable.

14. Commentary on the results for the period – refer to Manager's report.

14.1 Earnings per unit – refer to note 14 of the financial statements.

14.2 Returns to unitholders – refer to Statement of Changes in Equity.

14.3 Significant features of operating performance - refer to Manager's report

14.4 Segments – Not applicable

14.5 Trends in performance - refer to Manager's report

14.6 Other factors - refer to Manager's report

15. The report is based on accounts which have been audited – refer to auditor's report for Fund attached to financial statements.

16. Description of the likely dispute if the accounts have not yet been audited and are subject to dispute - Not applicable.

17. Description of the dispute if the accounts have been audited and are subject to dispute - Not applicable.

LinQ Resources Fund

ARSN 108 168 190

Annual Report

For the year ended 30 June 2011

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LINQ CAPITAL

CHAIRMAN'S LETTER

Dear Unitholder,

The Linq Resources Fund ('the Fund') continued its growth in asset value over the course of the year – aided by the continued recovery and rise in most commodity prices and increased merger and acquisition activity in the mineral resources sector. Global equity markets in general also sustained the pace of recovery which started to take hold towards the end of last financial year.

During the year, Unitholders overwhelming supported the Enhanced Investment Strategy which will see the Fund increase its exposure to direct revenue streams through a combination of investment methods including: joint ventures; structured debt notes; inventory financings and royalty agreements. To this end, I am pleased to report on the progress to date made by your Manager in rebalancing the portfolio by divesting some of its smaller holdings and focusing on larger and more influential positions. Typical of the latter is the Fund's lead participation in the recently announced funding arrangement for Zambezi Resources Limited.

Another strategic milestone for the Fund was the realisation of its holding in Riversdale Mining Limited. Your Fund has been a key shareholder in Riversdale since 2005, when it recognised the intrinsic quality of Riversdale's coal assets and the strength of its management team. This team developed Riversdale's exploration tenements to the stage that it was acquired by Rio Tinto Limited in March of this year – generating for the Fund a return on its investment in Riversdale of some 746%.

Thus far, the global recovery has been driven by increased economic activity and prospects in emerging markets, most notably China and India, whilst major developed markets including the US and Europe have struggled to keep the momentum in their recoveries – specifically in relation to employment and growth. Commodities in particular have been more buoyant than in other sectors with demand driving prices to new record highs. This is in spite of events such as the unrest in the Middle East and Northern Africa, the earthquake in Japan or the floods in eastern Australia (the latter causing upward pressure on certain coal prices due to supply interruptions). In Australia, strong commodity export revenues have continued to underwrite the country's relatively strong economic performance, albeit it slowed over the March and June Quarters of this year to about 2% (down from 3% in 4Q 2010).

Nonetheless, the Fund's overall income (excluding currency translation) increased by 10.6% over the year - due to the general market improvement combined with successful realisations of investments, most notably the Riversdale holding. The Fund's Manager achieved a commendable increase in earnings per Unit of 11.6% to $0.231 per Unit whilst the Fund's NTA was up 25% to $1.30 per Unit. The Fund remains debt free and continues its track record of paying distributions every year since listing. A distribution of $0.045 per Unit was paid or is payable to Unitholders over the year equating to a yield of 5.3% based on the Unit price at the end of the financial year.

In summary, notwithstanding the volatility in global equity markets, we believe the Fund has continued its momentum in growth creation and performance, and we are very optimistic your Manager will continue to deliver superior value for Unitholders despite the current extreme volatility we are experiencing in global equity markets.

On behalf of the Board of Directors, we thank you for your continuing support of the Fund.

Yours faithfully,

Gordon Toll
Chairman

About the LinQ Resources Fund

The Fund:

- Is listed on the ASX under the code "LRF" and had 115[1] million units on issue at 30 June 2011;
- Has an investment portfolio of $170 million (including cash & other assets) 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 and call options;
- Has a net asset value of $150 million on consolidation or $1.30 per unit at 30 June 2011.

Investment Strategy

The Fund:

- Invests in smaller and medium sized resource companies with market capitalisations generally less than A$3 billion;
- Invests both in Australia and overseas;
- Invests in companies at all stages of development from exploration through to production, but tends to focus on more advanced stage companies.
- Seeks revenue from both traditional portfolio investment activities and complimented, where possible, by direct revenue streams through larger and more influential (but generally minority) investment holdings, project investments, Joint Ventures, structured notes, inventory financing and royalty agreements.
- The Fund has an experienced investment team (complemented by a range of experienced consultants) who can assess companies on both an analytical investment basis and operationally. This dual capability allows the Manager to evaluate risk on a multi dimensional basis,

Investment Selection Criteria

The Fund seeks to invest on a number of criteria. Some of these are:

- Assets with growth potential;
- Capable and aligned management;
- Likely achievement of financial and operational milestones;
- Potential of the company to achieve market re-rating;
- An appropriate investment structure;
- Likely exit process and liquidity of the investment;
- Location of the project and relevant geopolitical risks; and
- Appeal from the broader investment community.

[1] *Excludes units in the Fund which are held by the LinQ Resources Fund No 2.*

The Board of Directors of the Responsible Entity of LinQ Resources Fund

Mr Gordon Toll - BEng (Hons), MBA - Non-executive Chairman

- Mr Toll has had an extensive and distinguished career in the mining industry and brings more than 40 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 management 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 Committee and Chairman of the Nomination Committee and a member of the Compliance Committee.

Mr Clive Donner - BComm – Managing Director

- Mr Donner is the founding CEO of LinQ and has been in the funds management business since 1997.
- Mr Donner has over 30 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 both debt and equity.
- Mr Donner also has 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, Mr Donner was a Director of N M Rothschild & Sons (Australia) Limited and the founding Managing Director of a resources venture capital fund (Golden Arrow Fund) within N M Rothschild & Sons (Australia) Limited, which invested in emerging mining companies and projects mainly in Australasia. Prior to that, Mr Donner was head of N M Rothschild & Sons (Australia) Limited's project financing business in Perth where he provided emerging mining companies with project debt, derivatives and restructuring advice to assist in the financing, development and growth of resources companies. Mr Donner was also a key member of the Rothschild's private equity investment team during which time he pioneered the use of convertible notes in the resources sector. Prior to this he spent 9 years in senior executive positions at Citibank in Australia and overseas.
- Mr Donner is a member of the Nomination Committee and the Compliance Committee.

Mr Bruno Camarri AM - LLB– Non-executive Director

- 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 was also named in the Best Lawyers list (2010 and 2011) for Australia in the speciality of Mining.
- Mr Camarri is a member of the Nomination Committee, Chairman of the Audit Committee and Compliance Committee.
- In 2008, Mr Camarri was awarded an Order of Australia for his longstanding service to business, particularly in the resources sector, to the law, and to the community of Western Australia through a range of charitable organisations.
- Mr Camarri brings substantial skills to the Fund in the commercial, legal and compliance areas.

The Board of Directors (continued)

Mr Graham Fariss - BEng, MBA – Non-executive Director

- Mr Fariss is a Civil Engineer with over 30 years experience in the engineering, construction and 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 Tethyan Copper Company, where he held the position of General Manager Corporate Finance.
- Mr Fariss is currently General Manager Corporate Development at Mincor Resources NL
- Mr Fariss is a member of the Audit Committee.

Mr Nicholas Lattimore- BEcon, MBA – Non-executive Director

- Mr Lattimore has over 30 years experience in the financial markets and is currently the CFO of BrisConnections Management Company Limited, the Responsible Entity for the entities building Australia's largest privately funded infrastructure project, the combined Brisbane Airport Link, Northern Busway and Airport Roundabout Upgrade.
- Mr Lattimore was previously the Deputy CEO of JF Infrastructure Pty Limited, a specialist fund manager operating in the infrastructure market and prior to that held the position of Managing Director – Head of Banking at N M Rothschild & Sons (Australia) Limited. Preceding that role 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).
- Mr Lattimore has substantial project finance experience in the mining sector.
- Mr Lattimore has an MBA from IMD (previously IMEDE) and B Ec (specialisation in Accountancy) from ANU and is a MAICD and a CPA.

Ms Tai Sook Yee - CPA – Non-executive Director

- Ms Tai has over 25 years experience in corporate finance, operations and accounting, and is currently the Head of Chairman's Office responsible for group strategies & investments at the IMC Pan Asia Alliance Group. In this role, she is responsible for governance, alignment of Group strategies and investments, and oversees corporate functions of People & Organisation, Finance, Treasury and Reporting.
- Prior to joining IMC in 2007, Ms Tai was the Country Director for Malaysia for a global leader in heavy building materials supplies.
- Ms Tai has substantial financial and operational experience in a wide range of industries including property development, construction, building materials supply, maritime, plantations and resources.
- Ms Tai is a CPA (Malaysia).

The Investment Team

Clive Donner - BComm – Managing Director (see above)

Mr Richard Procter – BSc (Eng), MBA, CEng, MIMMM

Mr Procter is a mining engineer with over 30 years broad international experience encompassing roles in the corporate, operations, contracting, consulting and mine development areas. He provides technical and financial capability to the Fund and represents several public and private companies at board level. Mr Procter's international mining experience encompasses operations and / or projects in Africa, Australasia, Europe, South America, Middle East and Russia. He has held senior industry positions that have demonstrated leadership and management of base and precious metal mining companies (both underground and open); development of project assessment types including definitive/bankable feasibility studies and their conversion into mining operations. He has managed teams undertaking mining asset evaluations and valuations, including technical and operational audits (encompassing complete mining asset due diligence and expert reports). He also has been involved in many mining operation start-ups (both small and large) - as well as the re-engineering of large ongoing operations.

Dr Geoff Booth - B.Sc. (Hons), M.Sc., Ph.D., FAusIMM (CP), MAICD

Dr Booth is a geologist with over 30 years' experience in base and precious metal exploration, resource planning and development. Most recently, he has managed resource activities for the Citadel Group within the Middle East and feasibility studies for Anvil Mining Limited in Africa. Prior managerial and technical roles with BHP Billiton, Aditya Birla and WMC within Australia have focused on mine production and operational excellence. During the 1980's and 90's, Dr Booth worked in North America for a variety of resource and energy companies, including Shell Canada, Suncor and Amax Minerals.

Mr Robert Telford – B.Comm, MAcc, CA

Mr Telford is an Analyst with the LinQ Group. He provides financial and investment advice and assists with business development initiatives. Mr Telford is a Chartered Accountant and holds a Bachelor of Commerce (Finance) and a Masters in Accounting from Curtin University. He has over 6 years commercial experience working in accounting and finance roles with both accounting firms and investment banks. Before joining the LinQ Group, Mr Telford held a position in Structured Capital Markets with Barclays Capital (London).

Other Management

Mr Simon Durack JP - BComm, Post Grad Dip Bus, FCA, FCIS

Mr Durack is a Chartered Accountant and practicing Company Secretary, with over 30 years commercial experience gained working in Australia, South East Asia and Europe. 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. In these roles, Mr Durack has been responsible for providing managerial, secretarial and financial advisory input. Mr Durack has also acted as resident Director for several offshore companies with operations in Australia. Mr Durack is the Group Company Secretary and Chief Financial Officer and brings a strong commercial and financial background to the Fund and the responsible entity.

Mr Pierre Malherbe - BComm Investment Management; BComm (Acc) (Hons); MComm Business Management

Mr Malherbe is an Associate Director and brings to the management team and the responsible entity a strong finance background. Mr Malherbe assists the Group in the accounting and administration of the financial affairs of the Fund and the Responsible Entity. Mr Malherbe has over 16 years experience in senior financial and managerial positions within Banks overseas.

Ms Nicole Chen – BComm (Accountancy)

Ms Chen is an associate member of CPA Australia and holds a bachelor of Commerce degree. As a financial accountant for the LinQ Group, Ms Chen assists with the finance and accounting functions of the LinQ Group whilst also assisting the Chief Financial Officer. She has gained valuable experience in taxation and financial accounting through similar roles held in previous positions. Ms Chen is fluent in Mandarin and English.

Mr Emmanuel Heyndrickx – Business Economics (M.Sc), Masters Financial Management

Mr Heyndrickx is responsible for coordinating the international corporate and strategic development opportunities. Mr. Heyndrickx holds a degree in Business Economics (M.Sc) from the University of Ghent, Belgium, supplemented with a Masters' in Financial Management from the Vlerick Management School, Belgium. Prior to joining the Group, Mr. Heyndrickx 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, Mr. Heyndrickx 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. Mr Heyndrickx commenced his career with KPMG where he joined the Financial Services Sector Assurance team in London (UK), working as an external auditor for 4 years for a variety of world leading financial institutions such as HSBC, Deutsche Bank, Credit Suisse and Allianz. A native Dutch speaker, he is fluent in English, French and German.

Consultants & Industry Experts

In addition to the LinQ investment team, the LinQ Group has a range of industry experts / consultants available to it that provide assistance and input into the Fund and / or its investments.

Review of Operations

Investment Highlights

For the financial year ended 30 June 2011, the Fund reported a 10.6% increase in overall Income and a net profit after tax of $31.7 million, representing an 11.6% increase in earnings per unit of 23.1 cents. The net profit after tax of $31.7 million (2010: $35.3 million) was lower in comparison to the prior year as a direct consequence of the costs incurred in conducting the off-market withdrawal tender process, as well as the strong Australian dollar, in comparison to the prior year, which saw the posting of an unrealised foreign exchange loss of $5.2 million at year end (2010: unrealised foreign exchange gain of $1.2 million).

The distribution of 4.5 cents per unit for the financial year represents a yield of approximately 5.3% on the closing unit price of the Fund at 30 June 2011. This year's distribution continues to highlight the Fund's capacity to pay distributions to Unitholders, a milestone achieved every year since listing in 2005. The final distribution for the 2011 financial year will be paid on 31 August 2011.

Despite the significant market volatility over the period, the Manager managed to increase the Fund's NTA from $1.04/unit to $1.30/unit, an increase of 25%.

Investment Performance

Table 1 below details the performance of the Fund's NTA per unit and the LRF unit price from 30 June 2010 to 30 June 2011.

Table 1: LRF NTA per unit and LRF unit price Performance

	30 June 2011	30 June 2010	% Change
LRF NTA per unit	$1.30	$1.04	+25%
LRF unit price	$0.845	$0.69	+22%

The performance of the Fund relative to the major indices (FTSE100 and XAO) is provided in Figure 1. The FTSE100 represents the largest 100 shares quoted on the London Stock Exchange whilst the XAO represents the top 500 stocks quoted on the Australian Securities Exchange.

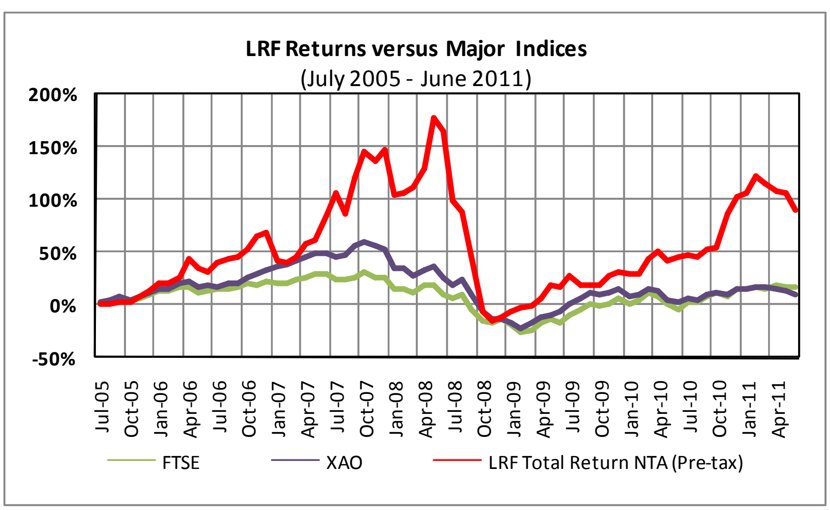


Figure 1: Fund Total Return NTA versus Major Stock Indices

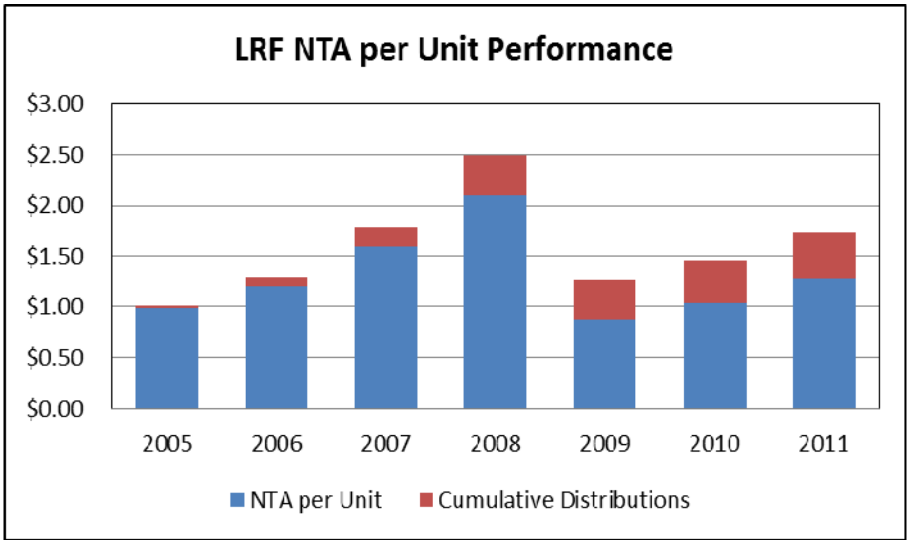


Figure 2: LinQ Resources Fund NTA per Unit Performance

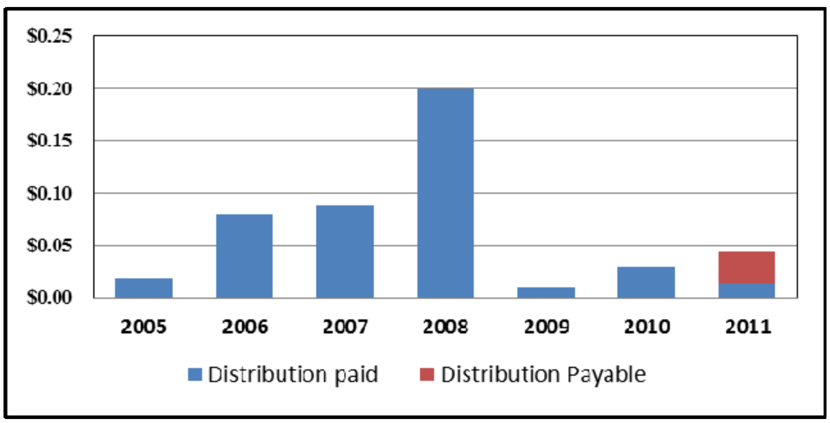


Figure 3: LinQ Resources Fund Distributions Paid and Payable per Unit

Notwithstanding recent volatility in global equity markets, the world economy is expected to record a 4.1% growth rate for the calendar year (ABARES). In the last twelve months, global equities have in the main been driven by higher economic activity in emerging markets like China, India and Brazil whilst developed economies including the United States and Europe found it more difficult to sustain the pace of recovery due to frustratingly high unemployment rates, anaemic housing markets and restrained consumer spending compounded by overstretched public borrowing and increasing requirement for budgetary discipline.

In Australia, the Australian Government announced a revised package for the pending Mineral Resource Rent Tax ('MRRT'). Details of the MRRT are still to be finalised – but at this stage the tax is proposed to only apply to Australian iron ore and coal mine operations. Dispensations from the tax (for example capital expenditure spent on items such as infrastructure etc.) and the final implications of the tax are being worked out in conjunction with the Policy Transition Group (a team of government and business leaders assembled by government to assess and advise on the policies and framework for the MRRT's implementation). This work will be completed by the end of the current financial year. Notwithstanding the tax, the Manager considers the net effect on the portfolio overall is likely to be negligible due to both its commodity and country diversification.

It is expected that Australia will introduce a carbon tax at a rate of $23/t of carbon equivalent emissions as from July 2012. This tax, however, is yet to be legislated. It is also intended by the government that the carbon tax package will be associated with numerous tax off-sets and compensation for various industries and individuals. At this stage it is very difficult to assess the real effect of the tax on the Funds' investments until further details are known about the tax and its implementation.

The Manager took greater advantage of the many opportunities in the current volatile market conditions that prevailed in the past year. A number of stocks were acquired, and part of the portfolio was rationalised.

Following the realisation of the Fund's holding in Riversdale, cash position as at 30 June 2011 was $37.1 million versus $25.5 million a year earlier and since year end a number of investments have been made additional investments earmarked. Net Tangible Assets per unit increased substantially by 25% to $1.30 per unit compared to $1.04 per unit at 30 June 2010.

The Fund had its third year as a public trading trust for tax purposes (since its change in tax status in the 2009 tax year) and is taxed at the company tax rate of 30%. The Fund remains debt free.

Capital Management Strategy

During the year, your Manager continued an active capital management strategy focussing on initiatives designed to increase value for unitholders. These initiatives include:

- continuation of on-market buybacks;
- off-market withdrawal tender process;
- increased marketing of the Fund;
- ongoing Dividend Reinvestment Plan; and
- implementation of the enhanced investment strategy which will see weighting of annualised realised profits in the Fund's earnings stream increase over time.

Independent Research

The Fund receives research from Morningstar.

Copies of all research reports are available on the LinQ Resources Fund website.

Investment Summary

Summary of the Fund's Investments as at 30 June 2011 are shown in the table below:

Investment	Share Class	Project Domicile	Commodity Focus	Valuation ($000)
Alkane Exploration Limited	Ordinary	Australia	REE	$909
Alliance Resources Limited	Ordinary	Australia	Uranium	$549
Atlas Iron Ltd	Ordinary	Australia	Iron Ore	$49,372
Continental Coal Limited	Royalty	South Africa	Coal	Nil
Ferrous Resources Ltd	Ordinary	Brazil	Iron Ore	$22,107
Galaxy Resources Limited	Ordinary	Australia/China	Lithium	$673
Gladiator Resources Limited	Ordinary	Uruguay	Pig Iron	$279
IMX Resources Limited	Ordinary	Australia/Africa	Iron, Copper, Gold	$942
Independence Group NL	Ordinary	Australia	Nickel / Gold	$4,246
International Base Metals	Ordinary	Namibia	Copper	$1,000
Intra Energy Corporation Limited	Ordinary	Tanzania	Coal / Uranium	$4,103
Iron Road Limited	Ordinary	Australia	Iron Ore	$775
Metminco Limited	Ordinary	Peru	Copper	$4,687
Millennium Minerals Ltd	Ordinary	Australia	Gold	$5,281
Newcrest Mining	Ordinary	PNG/Australia	Gold	$16,933
Pella Energy Ltd	Ordinary	Kyrgyzstan	Uranium	$250
Sandfire Resources NL	Ordinary	Australia	Copper, Gold, Silver	$4,416
Satimola Ltd	Ordinary	Kazakhstan	Potash	$771
South American Ferro Metals	Ordinary	Brazil	Iron Ore	$215
South Boulder Mines Ltd	Ordinary	Eritrea/ Australia	Nickel , Potash, Gold	$4,366
Sundance Resources Ltd	Ordinary	Cameroon	Iron Ore	$1,340
Western Areas NL	Ordinary	Australia	Nickel/Gold	$3,287
Zambezi Resources Ltd	Ordinary, option	Zambia	Copper/Gold	$6,175
Total investments in financial assets				$132,676
Cash & other assets				$37,306
Total cash & investments - consolidated				**$169,982**

Commodity Exposure

As at 30 June 2011 the Fund's investment portfolio (excluding cash) was well diversified across a range of commodity groups (Figure 4) including energy, bulks, base metals and precious metals. The performance of the Fund's investments in these commodity groups have benefited from the recovery in the economy as it has gained traction. This is particularly the case for bulk commodities like iron ore and coal, but also for base metals - especially copper which has had a very strong run.

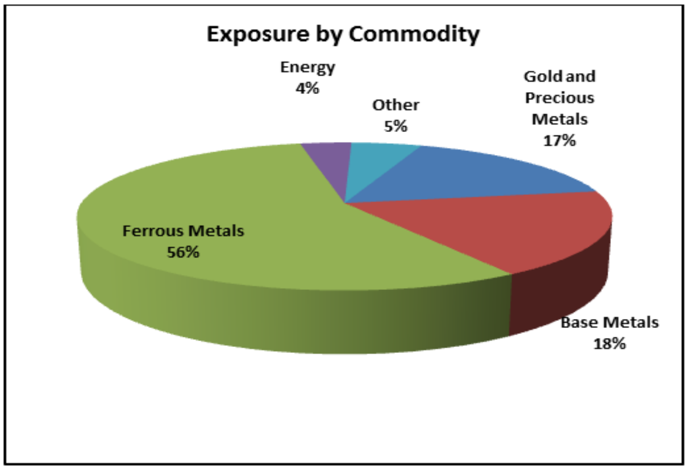


Figure 4: Exposure by Commodity (as at 30 June 2011)

Investment Instruments

The composition of the Fund's portfolio by investment as at 30 June 2011 (Figure 5) reflected in the main the recent realisation of the Riversdale holding, resulting in an increase in the Fund's overall cash balance at year end. Some of the cash has been re-invested whilst most is earmarked for the continuation of the Fund's enhanced investment strategy. This is demonstrated by the Fund's recent lead participation in a $15 million funding arrangement for Zambezi Resources Limited (ZRL). At year end the Fund's investment portfolio comprised approximately 77% in equities.

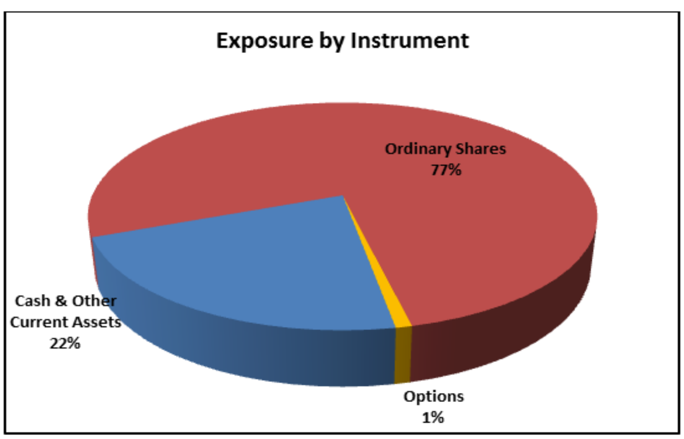


Figure 5: Exposure by Instrument (as at 30 June 2011)

Investment Spectrum

The Fund invests along the full mineral resource development spectrum (Figure 6) - from exploration to production. However, currently the Fund is more heavily weighted to the later economic evaluation and producing stages of mining assets as shown by Figure 8. The Manager has substantial evaluation skills and a track record in successfully investing in projects in these more mature phases of development, and this is a key comparative advantage for the Fund going forward.

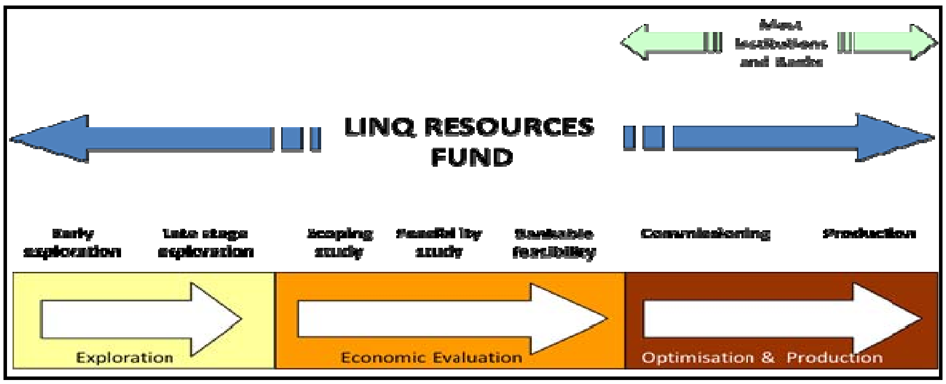


Figure 6: Project Stage of Investment

Major Investments

As at 30 June 2011, the Fund's investment value was predominantly concentrated in companies with market capitalisations greater than $1 billion - with 77% of the Fund invested (by value) in this range (Figure 7). The Fund continues to focus on investing in companies from the economic evaluation stage (that is, generally once a JORC compliant Mineral Resource has been defined and the asset is being evaluated for its economic viability) and production stage. Presently the Fund has little exposure to companies at the early exploration stage.

Until shortly before the 30 June 2011 financial year end, Riversdale Mining Limited (Riversdale) represented a material position in the Fund. 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. The company has coal JORC resources of 13 billion tonnes (4 billion at Benga and 9 billion at Zambeze Projects). Riversdale was subsequently bid and successfully acquired by Rio Tinto Limited in the first quarter of 2011. The final bid price per share represented a premium to the Riversdale 3 month volume weighted average price (VWAP) of over 40%, and the return of this investment to the Fund was some 746%.

Ferrous Resources Limited (Ferrous) is a significant investment of the Fund. It is a large unlisted Brazilian iron ore company, which has a number of projects located within the world class Iron Quadrangle region of Belo Horizonte in Brazil. This is an area where the large Brazilian company, Vale SA, the world's largest iron ore producer, has most of its operations. Ferrous' projects have a current mineral resource of over 4.4 billion tonnes and an additional 1.8 billion to 2.6 billion tonnes in exploration potential (as reported in accordance with JORC (2004) guidelines). During the year, the company successfully obtained the required licences to construct a slurry pipeline from its operations around Belo Horizonte to a dedicated port facility for onward transportation by ship to its off-take parties.

Atlas Iron Limited (Atlas) is a Western Australian iron ore producer with its operations located in the Pilbara region of the state. The company is targeting direct shipping ore ('DSO') exports at an annualised rate of 12 million tonnes by the end of the 2012 fiscal year. During the year, Atlas finalised its acquisitions of Aurox Resources Limited and Giralia Resources NL - whilst it also announced an offer to acquire FerrAus Limited in June 2011. The combined entities will result in Atlas having over 1 billion tonnes of DSO iron mineral resources. As at the end of the Fund's financial year, the company had a market capitalisation of approximately $3 billion. The Fund continues to support Atlas management's current strategy.

The Fund's holding in Newcrest Mining Ltd (Newcrest), Australia's largest gold producer (with a mineral resource inventory of over 200 million ounces of gold) and a global top 3 gold producer based on market capitalisation. The Fund became invested in Newcrest via the acquisition of Lihir Gold Limited (Lihir) in the last quarter of 2010, which in turn acquired Equigold. Newcrest holds gold production and exploration projects in Australia, Cote d'Ivoire, Papua New Guinea and Indonesia. The company is targeting annual gold production for 2011 of some 2.7 million ounces. During the year Newcrest announced the divestment of its interests in Cracow gold mine and exploration joint ventures and its 100% interest in the Mt Rawdon gold mine to a newly formed company from the merger of Catalpa Resources Limited (ASX:CAH) and Conquest Mining Limited (ASX:CQT) in return for a 38% shareholding in the merged entity. The transaction allows Newcrest to focus on its much larger and longer life mines, projects and exploration - whilst sharing in the prospects of the Conquest assets.

Metminco Limited, incorporated in Australia, is an ASX and AIM listed mining exploration company with a 100% holding in Hampton Mining Limited (Hampton). Hampton has exploration projects located in Chile and Peru, mainly focused on porphyry copper deposits - with significant exposure to gold, molybdenum and zinc. The projects range from mine pre-feasibility, through advanced exploration to grassroots exploration. The company successfully completed a capital fundraising of $30.4 million to finance its recent acquisition of Barrick's 'buy back rights' in Metminco´s very large Los Calatos copper-molybdenum project in southern Peru and the remaining stake in Mollacas, Vallecillo and Loica projects.

Zambezi Resources Limited (Zambezi) is a Zambian based minerals exploration company holding significant tenements in the lower Zambezi region south east of Lusaka. The company's many activities include the exploration of copper, gold, limestone and uranium resources. The most significant project to date is the Kangaluwi Copper Project which has approximately 23 million tonnes of combined Indicated and Inferred JORC category Mineral Resources. The Kangaluwi Copper Project was issued a 25 year Large Scale Mining License on 11 February 2011. Post the financial year end, the Fund announced its participation in the proposed $10 million funding arrangement for Zambezi, which could see the Fund secure the option to convert a $10 million convertible note into a 25% joint venture stake in Zambezi's projects.

During the course of the financial year, the Fund converted its $8 million loan and options in Continental Coal Limited ('Continental') into shares in the company, which were then sold yielding a 40% profit for the Fund, over above the 12% per annum coupon that the Fund had earned on the loan. As part of the structure of the convertible loan with Continental, the Fund is entitled to a 40% share of a USD $15 million royalty payable by the company. This royalty is based on the first 15 million tonnes of coal mined by the company, and is payable quarterly in arrears. The ultimate return on this investment will therefore be greater than what has been achieved to date, as the Fund has no residual investment or risk in Continental.

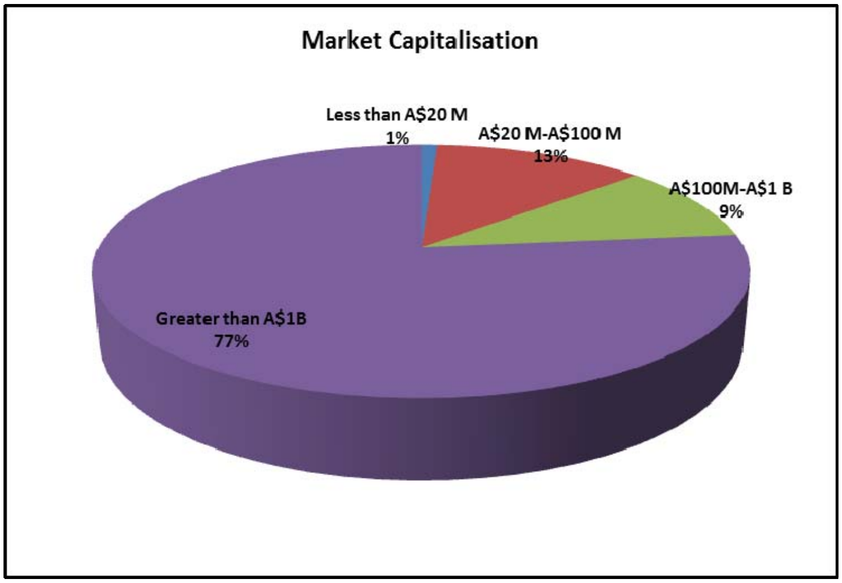


Figure 7: Market Capitalisation of Investments (as at 30 June 2011)

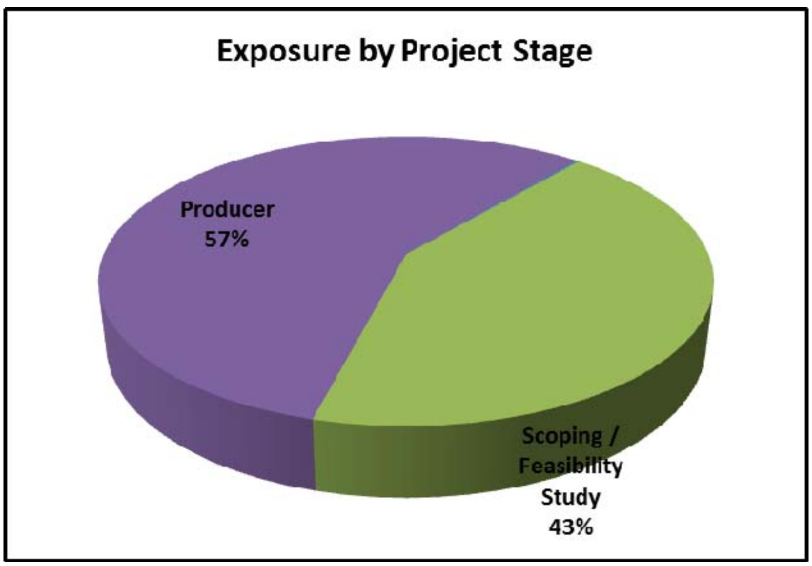


Figure 8: Exposure by Project Stage (as at 30 June 2011)

Geographical Exposure

The Fund's investment portfolio continues to be weighted towards companies with projects in Australia. Where the Fund invests in a company that has its primary project offshore, many of these companies have a strong Australian component such as Australian management, Australian consultants or the company is listed on the Australian Securities Exchange. The non-Australian project locations include Brazil, Kazakhstan, Namibia, South Africa, Zambia, Tanzania, Ivory Coast, PNG, Mozambique, Argentina, Peru and Cameroon. Approximately 29% of the Fund's portfolio (on a value weighted basis) is invested in offshore investments.

Outlook

The global economic recovery continued for most of the first half of the financial year under review, with obvious signs of a slowdown in the latter part of the year. The global recovery is still very much driven by growth in activity from emerging markets, most notably China, India and Brazil. In contrast, developed economies like the US, Europe and the UK saw there nascent recovery hampered by a winding down of government stimuli measures towards the first half of 2011 and increasing pressure on these governments to cut public spending to contain deficit levels. Nonetheless, global growth is still forecast by ABARE to reach 4.1% in 2011 and 4.4% in 2012. We believe that these forecasts will moderate downwards for 2011 and 2012. Key indices such as the DOW, FTSE and XAO were up 23.7%, 27.6% and 9.3%, respectively over the period.

Commodity prices, in particular bulk commodities and base metals, followed this path breaking new records in the first half of the financial year and tapering off towards the second quarter of 2011. Inflationary pressures continued to persist in emerging and developed economies leading some Asian central banks and the ECB to increase benchmark interest rates over the period. In turn, these actions caused market observers to expect a short term softening of demand from important commodity importers like China triggering a drop off in commodity prices.

Subsequent to the financial period under review, renewed concerns of sovereign debt levels and the need for public spending constraints combined with frustratingly slow growth in the US, UK and Europe saw volatility return to global equity markets. These conditions and the political impasses observed in Europe and the United States to deal with these crises culminated in the unprecedented downgrade by the Standard & Poor's ratings agency of US treasuries from AAA to a AA+ long term credit rating. Oil prices dropped from a high of over $115/bbl to less than $85/bbl during August, and the base metal price index fell some 10% from their highs in April 2011. The most prominent beneficiary of market turbulence and the ongoing pressures on the US dollar is gold which has seen price growth accelerate since the US credit downgrade to nearly double its performance of the financial year under review.

In terms of energy and oil, as background the first half of 2008 saw a massive spike in commodities – which was led by oil. As yet, the serious implications of the credit crunch had not been fully appreciated, and crude raced up to USD$147 a barrel in July of that year. This rally was based on: increased buying by oil speculators; soaring demand from emerging markets (particularly China); falling reserves; and unrest in the Middle East. In common with most other assets, the price of oil then tumbled, bottoming out at about above USD$30 per barrel. Part of the reason for this fall off in demand was because the Americans and most of the rest of the world were consuming much less than normal (flying less, buying fewer cars and spending less on products that need to be transported to them from around the world).

The slowdown in the global economy, as a result of consumer credit reducing, together with a softer investment sentiment, has severely affected demand. Falling car sales and reduced airline traffic as consumers tighten their belts has meant less demand for oil. So, whilst the drop off in demand, even though predicted to happen, came about much sooner and more severe than most economists had expected. Nonetheless, over the last year the price has slowly ground its way up from about USD$70/barrel and is now trading in a range bound between approximately USD$90 and USD$100/barrel.

Gold has been a major recipient of global investment and rerating. Figure 9 for gold shows the metal has been increasing steadily and sits comfortably above its 200 day moving average. As concerns intensified over the strength of the global recovery, the likelihood of US debt rerating and contagion of the credit crisis in Europe, gold prices have been breaking new records. With little visibility around the near term outlook investors are likely to reallocate their positions to gold as one of the few safe havens standing. Figure 10 for the Gold Fields Minerals Services Base Metals Index shows a similar upward trend. This is indicating further rebounding and constraints in the base metals supply chain, which is discussed further below.

Figure 9: 1 Year Gold Price (Source: Kitco)

General world iron ore and coal prices are shown in Figures 11 and 12, respectively – both having strong increases through the year. Iron ore prices have strengthened and are at historically high levels - currently on the back of increased demand from China (mainly for construction and manufacturing) and difficulties for the seaborne supply to catch up with demand. As a result, the supply deficit is currently met by domestic iron ore in China which is typically of far lower grade than Brazilian and Australian sources and consequently more costly. This has tended to drive up cost inflation in China. It is expected that with ongoing project execution risk (both timing and capital costs) for prospective new sources of the metal and cost inflation in the Chinese market, will likely see prices sustained at current high levels for the medium term.

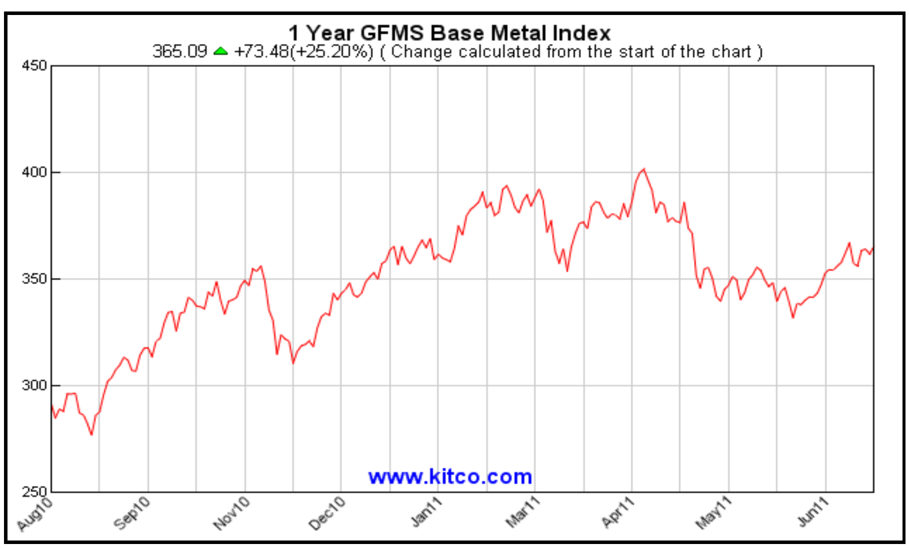


Figure 10: The Gold Fields Base Metals Index (Source: Kitco)

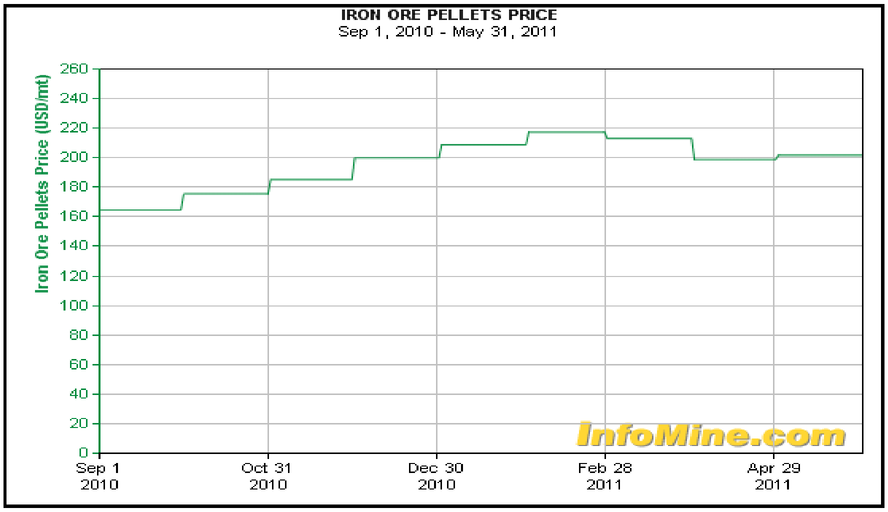


Figure 11: Iron Ore Pellets (Source: Infomine)[2]

Following increased demand for iron ore, the seaborne market for coking coal has been tight. This has been driven largely by the increase in seaborne demand from Brazil, China, Korea and India - although the most significant demand by far has come from China. More so than for iron ore seaborne freight, supply for coking coal is concentrated with over 50% coming from Queensland alone. As seen during the recent Queensland floods, such natural disasters can leave the market exposed to supply shocks. However, there is no immediate relief in sight for this over reliance on one regional source of supply. So with the supply side extremely tight, analysts predict the current pricing levels are set to remain high until at least 2015 – with the medium term price probably in the range of US$225/t-US$250/t FOB.

Figure 12: BBG World Coal Index (Source: BBG)[3]

[2]Uses major producer's contract pricing (lump, fines and pellets)

[3]Uses delivered prices from Rotterdam, Europe, FOB Richards Bay and FOB Newcastle

Chinese consumption of the key base metals (aluminum, copper, lead, nickel, tin and zinc) during 2010 continued to rise and even into the middle of this year falling inventories of base metals within China, is continuing to drive up prices of most base metals. Although China is both the largest producer and consumer of base metals – it cannot keep up with its own internal demand. Now we also have additional consumption from Japan, which is entering into a rebuilding phase post its earthquake events. In turn, higher prices for base metals will add to inflationary pressure both in emerging markets (as recent data out of China is showing), and developed economies leading to a softening of the upward growth trajectory. However, the medium to longer term outlook for demand of base commodities in general remains robust. The supply side across the industry shows differing characteristics – but with copper, aluminum and tin clearly the most constrained. These commodities will therefore contribute most to upwards pricing pressure for metals. Increasing focus on environmental issues may also undermine both demand and supply for metals such as zinc and lead in particular. Overall, however, pricing levels are still expected to remain robust despite the recent retreat from earlier record highs.

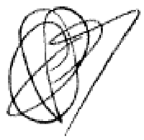
It has been analysts' views for some that that there is significant risk of slippage in the delivery timetable of a number of very large greenfield nickel projects. The majority of the new projects are complex and largely untested facilities (several utilising the high-pressure leach (HPAL) processing route). A number of delays and setbacks have been announced e.g. Goro; Ambatovy; Murrin Murrin and Ramu (the latter in doubt pending a court ruling on environmental regulation). Taking into account the large sums of capital expenditure still needed for a number of these projects, and given that pig iron's marginal costs currently come in around the present nickel price, it is considered that there is substantial risk that the owners and operators of these nickel projects may reconsider project start-up or even the viability of some of their projects as a whole. In the meantime, nickel inventories have plateaued at a low level (over 1 year) and upward pricing pressure is expected to get stocks up again.

The IMF, although supportive of recent initiatives by US congress and ECB in tackling the current sovereign debt crisis, stresses continued need to rebalance and consolidate public spending and borrowings to avoid contagion of the economic recovery. In this regard, it raises a note of caution on the possible implications of further weakening of an already fragile recovery in the financial sector already burdened by tougher regulation and capital requirement rules (Basel II Accords). It is also uncertain what the real effect of the credit downgrade of US treasuries by Standard & Poor's will be, and whether and any change will impact stock markets and the pricing of asset risk.

With stock markets expected to remain volatile in the near future, your Manager is well experienced to manage market developments and to take advantage of market opportunities, in the form of short term undervalued quality assets, should these present themselves. In addition, the Fund's ability to invest in convertible notes and your Manager's track record of structuring and managing these instruments offer relevant capabilities to incorporate volatility risk mitigating tools to the benefit Unitholders. An example is the recent lead participation by the Fund in the $15 million funding package announced by Zambezi Resources Limited as discussed above.

Your Manager believes that whilst a softening of the global economy is now a reality, this should not necessarily materially affect the increased demand in commodities stemming from growing activity in the emerging markets (particularly China and India) and the likely focus on investment in 'real assets' during volatile market conditions. That said, it remains to be seen if politicians in the US and Europe will manage to balance borrowing restraints against the need for economic recovery.

We thank you for your support of the Fund.



Clive Donner
Managing Director

30 August 2011

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 2011.

DIRECTORS

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

	Other listed company directorships
Gordon Toll - Chairman	Director - Eastern Mediterranean Minerals Ltd (May 2005 to July 2010). Non-executive Chairman Compass Resources Ltd (Director from July 2001 to June 2009 and Chairman since August 2005 to February 2009). Non-executive Director of Evraz Group SA (May 2010 to May 2011). Non-executive Chairman of Petro Matad Limited (since December 2007).
Clive Donner – Managing Director	Non-executive Director–Millennium Minerals Limited (September 2003 to April 2010), China Goldmines plc (January 2006 to December 2009) and Matrix Metals Ltd (from October 2006 to October 2008).
Bruno Camarri AM	Deputy Chairman–UGL Limited (formerly known as United Group Ltd) (October1994 to October 2010).
Graham Fariss	-
Nicholas Lattimore	-
Tai Sook Yee	Non-executive Director of Atlas Iron Limited (since May 2010).

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

COMPANY SECRETARY

Simon Durack JP	Fellow of the Institute of Chartered Accountants in Australia and a Fellow of Chartered Secretaries Australia who has provided accounting, financial and company secretarial services to listed and unlisted companies in the engineering, resources and entertainment industries. Non-Executive Director of Millennium Minerals Limited (since February 2009) and Non-Executive Director of Zambezi Resources Limited (since August 2009).

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 Level 1, LinQ House, 17 Ord Street, West Perth, Western Australia, 6005.

REVIEW OF RESULTS AND OPERATIONS

Results

The net profit after tax of the LinQ Resources Fund is presented in the Statement of Comprehensive Income. Net profit/(loss) after tax for both the Consolidated and Parent Entities for the year ended 30 June 2011 was $31,741,000 (2010:$35,300,000). Further information on the operations of the Fund is included in the Manager's Report.

Distributions

A final distribution of 3 cents per unit (2010: 3 cents) has been declared for the year ended 30 June 2011 and will be paid on 31August 2011 to all registered unitholders at 30 June 2011. An interim distribution of 1.5 cents per unit was paid on 31 March 2011 to all registered unitholders at 15 March 2011.

UNIT PRICE HISTORY

The sales price and the highest and lowest sales prices for the LinQ Resources Fund during the year were:

	2011	2010
As at 30 June	$0.845	$0.69
Year to 30 June		
High	$1.055	$0.765
Low	$0.65	$0.475

UNITS AND OPTIONS ON ISSUE

Consolidated units on issue at 30 June2011 amounted to 115,406,001 units (2010: 173,979,976 units) in the LinQ Resources Fund (67,640,071 units are owned by LinQ Resources Fund No 2 and are excluded on consolidation). The Fund issued 1,405,829 units during the year (2010: 556,518 units), pursuant to the Distribution Reinvestment Plan and there was no private placement (2010: nil units). No options were on issue during the year. During the year nil units (2010: 3,829,187) units were issued on conversion of Options. 4,413,412 units (2010: 471,792 units) were bought back under the on-market buyback and 55,566,392 units (2010: nil units) were redeemed under the off-market withdrawal tender facility at reporting date. At the date of this report 4,688,887 units (2010: 830,481 units) had been bought back on-market.

FUND ASSETS

At 30 June 2011 the Consolidated entity held assets to a total value of $169,982,000 and the Parent entity held assets to a total value of $275,601,000 (2010: Consolidated entity $198,302,000, Parent entity $303,921,000). The basis for valuation of the assets is disclosed in Note 1 to the financial statements.

FEES PAID TO THE RESPONSIBLE ENTITY AND ASSOCIATES

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

- Management fee, excluding GST, for the financial year was paid to the Responsible Entity $3,677,752 (2010: $3,216,477);
- Performance fee, excluding GST, for the financial year is payable to the Responsible Entity $Nil (2010: $Nil);
- Expenses paid by the Responsible Entity and reimbursed by the Fund in accordance with the Fund's constitution was $544,001 (2010:$367,682); and
- Directors fees of $335,000 (2010: $335,000) were paid by the Responsible Entity and reimbursed by the Fund in accordance with the Fund's constitution.

INTERESTS IN THE FUND

At the date of this report, the Responsible Entity and its associates held the following interests in the Fund:-

Director		
	Units	**Options**
Gordon Toll	-	-
Bruno Camarri	163,525	-
Clive Donner	1,122,083	-
Graham Fariss	200,501	-
Nicholas Lattimore	59,999	-
Tai Sook Yee	-	-
LinQ Capital Limited	-	-

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, Clive Donner and Bruno Camarri. 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 was as follows:

Director	Directors' Meetings		Audit Committee Meetings		Compliance Committee		Nomination Committee Meetings	
	A	B	A	B	A	B	A	B
Gordon Toll	8	12	2	2	3	3	1	1
Bruno Camarri	12	12	2	2	3	3	1	1
Clive Donner	12	12	-	-	3	3	1	1
Graham Fariss	11	12	2	2	-	-	-	-
Nicholas Lattimore	11	12	-	-	-	-	-	-
Tai Sook Yee	10	12	-	-	-	-	-	-

A - meetings attended
B - meetings held whilst a director

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 2011.

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

All current and former officers of the Responsible Entity 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.

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:

ERNST & YOUNG

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
www.ey.com/au

Auditor's Independence Declaration to the Directors of LinQ Capital Limited as the 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 2011, 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

Ernst & Young

T G Dachs
Partner
Perth
30 August 2011

Liability limited by a scheme approved under Professional Standards Legislation

TD:MB:LINQ:043

NON-AUDIT SERVICES

The Audit Committee has reviewed all non-audit services provided by the external auditor during the financial year ended 30 June 2011, 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 2011.

The total fees paid to the external auditor for non-audit services during the year were $117,098 (2010: $83,245).

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 2011 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.

Clive Donner
Managing Director

Perth

30 August 2011

LINQ RESOURCES FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated	
		2011	2010
STATEMENT OF COMPREHENSIVE INCOME	**Notes**	**$000**	**$000**
Income			
Dividend income		**187**	130
Finance income	2(a)	**2,074**	1,763
Foreign exchange gain		**-**	1,244
Other income		**278**	200
Change in fair value of investments in financial assets classified at fair value through the profit & loss	2(b)	**47,715**	42,099
Total income		**50,254**	45,436
Expenses			
Foreign exchange loss		**5,240**	-
Administration expenses		**1,449**	848
Directors' fees and expenses		**335**	335
Fund promotion		**268**	189
Legal and professional fees		**2,750**	313
Manager's fees		**3,678**	3,216
Total expenses		**13,720**	4,901
Net profit before income tax		**36,534**	40,535
Income tax expense	6	**(4,793)**	(5,235)
Net profit after income tax		**31,741**	35,300
Other comprehensive income		**-**	-
Total comprehensive income for the year		**31,741**	35,300
Basic earnings per unit (cents)	14	**23.1**	20.7
Diluted earnings per unit (cents)	14	**23.1**	20.7

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

LINQ RESOURCES FUND

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	Consolidated 2011 $000	Consolidated 2010 $000
Assets			
Cash and cash equivalents	8(a)	**37,077**	25,522
Trade and other receivables	3	**229**	687
Investments in financial assets	4	**132,676**	172,093
Total assets		**169,982**	198,302
Liabilities			
Distribution payable	2(c)	**3,463**	5,227
Trade and other payables	5	**147**	287
Provision for income tax	6	**8,398**	-
Deferred tax liabilities	6	**8,227**	11,831
Total liabilities		**20,235**	17,345
Net assets		**149,747**	180,957
Equity			
Issued capital		**56,428**	108,282
Retained earnings		**93,319**	72,675
Total Equity		**149,747**	180,957
Net tangible assets per ordinary unit ($)		**1.30**	1.04

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

LINQ RESOURCES FUND

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Issued Capital $000	Retained Earnings $000	Total $000
Consolidated			
At 1 July 2009	106,164	42,602	148,766
Profit for the period	-	35,300	35,300
Other comprehensive income	-	-	-
Total Comprehensive income for the year	-	35,300	35,300
Units issued - distribution reinvestment plan	307	-	307
Exercise of options	2,121	-	2,121
Unit buyback	(310)	-	(310)
Distributions paid and payable	-	(5,227)	(5,227)
At 30 June 2010	108,282	72,675	180,957
At 1 July 2010	**108,282**	**72,675**	**180,957**
Profit for the period	-	31,741	31,741
Other comprehensive income	-	-	-
Total Comprehensive income for the year	**-**	**31,741**	**31,741**
Units issued - distribution reinvestment plan	**1,010**	**-**	**1,010**
Unit buyback	**(3,965)**	**-**	**(3,965)**
Withdrawal tender – unfranked dividend	**-**	**(5,890)**	**(5,890)**
Withdrawal tender – capital return	**(48,899)**	**-**	**(48,899)**
Distributions paid and payable	**-**	**(5,207)**	**(5,207)**
At 30 June 2011	**56,428**	**93,319**	**149,747**

LINQ RESOURCES FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated 2011 $000	Consolidated 2010 $000
Cash flows from operating activities			
Interest received		**2,528**	1,556
Dividend income received		**187**	-
Other income received		**278**	331
Net GST received/(paid)		**39**	(22)
Manager's fees paid		**(3,678)**	(3,216)
Other expenses paid		**(4,870)**	(1,573)
Net cash outflow from operating activities	8(b)	**(5,516)**	(2,924)
Cash flows from investing activities			
Payments for investments		**(42,061)**	(22,101)
Proceeds from sale of investments		**123,913**	24,055
Net cash inflow from investing activities		**81,852**	1,954
Cash flows from financing activities			
Proceeds from issue of units and exercise of options		**986**	2,453
Distribution paid		**(6,971)**	(1,701)
Unit buyback		**(4,008)**	(262)
Withdrawal tender redemption paid		**(54,788)**	-
Net cash (outflow)/inflow from financing activities		**(64,781)**	490
Net increase/(decrease) in cash and cash equivalents held		**11,555**	(480)
Cash and cash equivalents at the beginning of the year		**25,522**	26,002
Cash and cash equivalents at the end of the year	8(a)	**37,077**	25,522

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Corporate Information

The financial report of the LinQ Resources Fund ('Fund') for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 29 August 2011. The Fund is an Australian Registered Scheme, constituted on 8 March 2002. The Fund will terminate on 7 March 2082 unless terminated earlier in accordance with provisions of the Constitution.

LinQ Capital Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Level 1, LinQ House, 17 Ord 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, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared in accordance with the historical cost convention, except for the valuation of investments in financial assets held at fair value through profit and loss, which have been measured at fair value.

The statement of financial position 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. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets at fair value through profit and loss. The amount expected to be recovered or settled in relation to these balances cannot be reliably determined.

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

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the LinQ Resources Fund and its wholly owned subsidiary Trust, the LinQ Resources Fund No 2, as at 30 June 2011 (the Group).

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

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

(b) Basis of Consolidation (continued)

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

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

(c) Investments and Other Financial Assets

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 ie the date that the Fund commits to purchase or sell the asset.

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit and loss, loans and receivables, held to maturity investments or available for sale investments, as appropriate. The criteria for initial recognition are based on the Fund's objectives and Management's analysis.

When financial assets are recognised initially they are measured 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 and loss
For financial assets that are actively traded in organised financial markets, fair value is determined by reference to the Securities Exchange quoted market bid prices at the close of business on balance date. These financial assets are designated at fair value through profit and loss on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund.

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 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 Statement of Comprehensive Income.

(ii) Loans and 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 Statement of Comprehensive Income 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.

(iv) Impairment of financial assets
The Fund assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as ‘impairment expense’.

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

(ii)Interest revenue
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.

(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, but does not include interest or dividend revenue.

(e) Distributions

As the Fund is now a public trading trust for tax purposes and will now pay income tax as though it were a company, it is no longer required to distribute the Fund’s taxable income to unitholders. In determining the interim and annual distributions for the Fund, the Directors of the Responsible Entity will have proper regard to the return on the Fund’s investments and its working and investment capital requirements in any given year.

(f) 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 an allowance 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. Objective evidence is determined when the debts are more than 90 days past due. Bad debts are written off when identified.

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

(g) Trade and Other Payables

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 Fund.

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.

(h) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Fund does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

(i) Goods and Services Tax ('GST')

Revenue, 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 Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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 ATO are classified as operating cash flows.

(j) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position 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 Statement of Cash Flows, cash and cash equivalents includes deposits held at call with banks or financial institutions.

(k) Treasury Stock

Treasury stock refers to those Fund units acquired by the LinQ Resources Fund No 2. For accounting purposes, the treasury stock is offset against the Fund's units on issue. Whilst the Treasury stock is held by LinQ Resources Fund No 2, those units do not participate in distributions from the Fund.

(l) Earnings Per Unit

Basic earnings per unit (EPU) is calculated as net profit/loss attributable to unitholders divided by the weighted average number of units, less the treasury stock. The diluted EPU is the same as basic EPU.

(m) Net Tangible Assets Per Unit

Net tangible assets per unit (NTA) is calculated by taking the net assets attributable to unitholders and dividing by the number of units on issue at year end, less the treasury stock.

(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;
- attend and vote at meetings of unitholders; and
- participate in the termination and winding up of the Fund.

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

(o) Income Tax

Under current legislation, the Fund has been classified as a public trading trust for tax purposes with effect for the financial year ended 30 June 2009 and will be subject to income tax.

Current tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(p) Foreign Currency Translation

Both the functional and presentation currency of the Fund is Australian dollars.

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 reporting 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.

(q) Significant Accounting Judgements, Estimates and Assumptions:

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

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.

(r) Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(s) New and Amended Accounting Standards and Interpretations

The accounting policies applied are consistent with those of the previous financial year except as noted below.

The following standards and interpretations would have been applied for the first time for the year ended 30 June 2011:

Reference	Title	Application date of standard	Application date for Group
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project – The subject of amendments to the standards are set out below: • AASB 5 – Disclosures in relation to non-current assets (or disposal groups) classified as held for sale or discontinued operations • AASB 8 – Disclosure of information about segment assets • AASB 101 – Current/non-current classification of convertible instruments • AASB 107 – Classification of expenditures that does not give rise to an asset • AASB 117 – Classification of leases of land • AASB 118 – Determining whether an entity is acting as a principle or an agent • AASB 136 – Clarifying the unit of account for goodwill impairment test is not larger than an operating segment before aggregation • AASB 139 – Treating loan prepayment penalties as closely related embedded derivatives, and revising the scope exemption for forward contracts to enter into a business combination contract	1 January 2010	1 July 2010
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued as payment of a debt should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.	1 July 2010	1 July 2010

(t) New and Amended Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Fund for the annual reporting period ending 30 June 2011. Only those Australian Accounting Standards that may apply to the Fund in the future have been disclosed in the table below.

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 30 June 2011

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2013	Impact on the Group has not been assessed	1 July 2013
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	► These amendments arise from the issuance of AASB 9 *Financial Instruments* that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. ► <u>This Standard shall be applied when AASB 9 is applied.</u>	1 January 2013	Impact on the Group has not been assessed	1 July 2013

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other (b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other (c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	Impact on the Group has not been assessed	1 July 2011
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 *Operating Segments* to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.	1 January 2011	Impact on the Group has not been assessed	1 July 2011
AASB 1054	Australian Additional Disclosures	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards (b) The statutory basis or reporting framework for financial statements (c) Whether the financial statements are general purpose or special purpose (d) Audit fees (e) Imputation credits	1 July 2011	Impact on the Group has not been assessed	1 July 2011

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes inequity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	Impact on the Group has not been assessed	1 July2011
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	Impact on the Group has not been assessed	1 July 2011
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2013	Impact on the Group has not been assessed	1 July 2013
AASB 2011-1	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]	This Standard amendments many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054.	1 July 2011	Impact on the Group has not been assessed	1 July 2011

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
IFRS10	Consolidated Financial Statements	IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.	1 January 2013	Impact on the Group has not been assessed	1 July 2013
IFRS11	Joint Arrangements	IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly- controlled Entities – Non-monetary Contributions by Ventures.* IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement .Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.	1 January 2013	Impact on the Group has not been assessed	1 July 2013
IFRS12	Disclosure of Interests in Other Entities	IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	Impact on the Group has not been assessed	1 July 2013
IFRS13	Fair Value Measurement	IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets. IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.	1 January 2013	Impact on the Group has not been assessed	1 July 2013

	Consolidated 2011 $000	Consolidated 2010 $000

2. Finance Income and Distributions to Unitholders

(a) Finance income

	2011 $000	2010 $000
Bank interest	**1,641**	641
Income from loans and receivables	**433**	1,122
	2,074	1,763

(b) Change in fair value of investments in financial assets classified at fair value through the profit & loss

	2011 $000	2010 $000
Unrealised gains/(losses) in net fair value of investments	**(28,141)**	30,896
Realised gains on sale of investments	**79,540**	12,501
Realised losses on sale of investments	**(3,684)**	(1,298)
	47,715	42,099

(c) Distributions to unitholders

	2011 $000	2010 $000
Interim distribution to unit holders	**1,744**	**-**
Final distribution to unitholders	**3,463**	5,227
Total distribution to unit holders	**5,207**	5,227

(d) Components of distribution

(d) Components of distribution	2011 $000	Number of units '000	Cents per unit	2010 $000	Number of units '000	Cents per unit
Interim distribution to unitholders	**1,744**	**116,266**	**1.5**	**-**	-	-
Final distribution to unitholders	**3,463**	**115,447**	**3.0**	5,227	174,220	3.0
	5,207		**4.5**	5,227		3.0

3. Trade and Other Receivables

	Consolidated 2011 $000	Consolidated 2010 $000
Accrued interest	**144**	598
GST recoverable	**50**	89
Other receivables	**35**	-
	229	687

4. Investments in Financial Assets	Consolidated 2011 $000	Consolidated 2010 $000
(i) At fair value through profit and loss		
Listed securities		
- Listed equities	**107,763**	131,712
Unlisted securities		
- Options on convertible notes and mezzanine facilities	**786**	2,014
- Unlisted equities	**24,127**	29,367
Total at fair value through profit and loss	**132,676**	163,093
(ii) At amortised cost		
Loans and receivables		
- Convertible notes and mezzanine facilities[(1)]	**-**	9,000
Total at amortised cost	**-**	9,000
	132,676	172,093

(1) The carrying amount of the loans and receivables approximates their fair value.

The following table shows financial instruments recorded at fair value, analysed between those whose fair value is based on quoted market prices, those involving valuation techniques where all the model inputs are observable in the market and those where the valuation technique involves the use of non-market observable inputs.

	30 June 2011				30 June 2010			
	Valued at Quoted market price (Level 1)	Valuation technique- market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	Total	Valued at Quoted market price (Level 1)	Valuation technique- market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	Total
Financial assets at fair value through profit and loss								
Financial assets held for trading								
(i) Equities								
Listed equity securities	**107,763**	-	-	**107,763**	131,712	-	-	131,712
Unlisted equities	-	-	**24,127**	**24,127**	-	-	29,367	29,367
(ii) Other								
Share options	-	**786**	-	**786**	-	2,014	-	2,014
	107,763	**786**	**24,127**	**132,676**	131,712	2,014	29,367	163,093

The level in which instruments are classified in the hierarchy is based on the lowest level input that is significant to the fair value measurement in its entirety. Assessment of the significance of an input requires judgement after considering factors specific to the instrument.

The fair value of listed equity and debt securities is based on quoted market prices or binding dealer price quotations at the reporting date (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

The Fund uses widely recognised valuation models for determining fair values of over-the-counter derivatives. For these financial instruments, inputs into models are market observable.

For instruments for which there is currently no active market, the Fund uses a valuation model which is accepted in the industry. Some of the inputs to that model may not be market observable and are therefore estimated based on assumptions. The model is calibrated to an appropriate index; where relevant, however significant adjustments may be required in order to reflect differences between the characteristics of the index and the instrument to be valued.

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	Financial assets designated at fair value through profit and loss:		**Financial assets designated at fair value through profit and loss:**	
	2011		**2010**	
	Unlisted equity securities $'000	**Total $'000**	**Unlisted equity securities $'000**	**Total $'000**
Opening balance	29,367	29,367	28,123	28,123
Total gains and losses				
- In profit or loss	(5,240)	(5,240)	1,244	1,244
- in other comprehensive income	-	-	-	-
Purchases	-	-	-	-
Sales	-	-	-	-
Issues	-	-	-	-
Settlements	-	-	-	-
Transfers into or out of level 3	-	-	-	-
Closing balance	24,127	24,127	29,367	29,367

Gains or losses included in profit or loss are presented in change in fair value of financial assets and liabilities at fair value through profit or loss as follows:

	2011	**2010**
Total gains included in profit and loss for the period	**(5,240)**	1,244
Total gains included in profit or loss for the period for assets held at the end of the reporting period	**(5,240)**	1,244

For financial instruments whose fair value is estimated using valuation techniques that use non-market observable inputs, the potential effect of using reasonably possible alternative assumptions for valuing those financial instruments would reduce the fair value of unlisted equity securities by up to $3.573 million (2010: $2.832 million) or increase the fair value by $4.090

million (2010: $2.616 million).

5. Trade and Other Payables

	Consolidated 2011 $000	Consolidated 2010 $000
Unsettled trades	-	48
Trade creditors	-	20
Trade accruals	-	24
Other fees payable	147	144
Responsible entity reimbursables	-	51
	147	287

	Consolidated	
	2011	2010
	$000	$000

6. Income Tax

The major components of income tax expense are:

	2011 $000	2010 $000
Statement of Comprehensive Income		
Current income tax		
- Current Income Tax expense/(income)	8,398	-
Deferred income tax		
- Relating to origination and reversal of temporary differences	(3,605)	5,235
Income tax expense reported in the statement of comprehensive income	4,793	5,235

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate as follows

	2011 $000	2010 $000
Accounting profit before income tax	36,534	40,535
At the Group's statutory income tax rate of 30%	10,960	12,160
- Franking credit	9	56
- Fund promotion and entertainment	2	2
- CGT Discount Component	(6,178)	(6,983)
Income tax expense reported in the statement of comprehensive income	4,793	5,235

Deferred Income Tax

Deferred income tax at 30 June relates to the following:

	2011 $000	2010 $000
Deferred tax assets		
- Audit fees	10	17
- s 40-880 deductions	924	764
- Tax losses	-	2,633
Total deferred tax assets	934	3,414
Deferred tax liabilities		
- Interest receivables	-	179
- Shares held for greater than 12 months	8,324	12,441
- Shares held for less than 12 months	719	2,233
- Options	118	392
Total deferred tax liabilities	9,161	15,245
Total deferred tax reported in the statement of financial position	8,227	11,831

Franking Credits

Balance at the end of the year is $Nil (2010 $Nil)

7. Issued Capital	Consolidated			
	2011 Number '000	**2011 $ '000**	**2010 Number '000**	**2010 $ '000**
The terms and conditions attached to the units in the Fund can be found in Note 1 (l).				
(a) Units on issue				
Units on issue as at beginning of financial year	**241,620**	213,901	237,706	211,783
Units issued pursuant to the distribution reinvestment plan	**1,406**	1,010	557	307
Units issued on conversion of options	**-**	**-**	3,829	2,121
Unit buyback on-market	**(4,414)**	**(3,965)**	(472)	(310)
Withdrawal tender off-market buyback (i)	**(55,566)**	**(48,899)**	-	-
Treasury stock	**(67,640)**	**(105,619)**	(67,640)	(105,619)
Units on issue as at the end of the financial year	**115,406**	56,428	173,980	108,282

(i) On 8 November 2010, Unitholders approved of changes to the Fund's Constitution to facilitate the redemption of units under an off-market withdrawal tender process. 55,566,392 units were successfully redeemed at a tender price of $0.986 per unit, which were cancelled a short time thereafter, making those Unitholders who had successfully tendered their units, creditors of the Fund. These creditors were paid in a first and final payment from the Fund on 1 February 2011.

(b) Options on issue	Number '000	Number '000
Options on issue as at beginning of financial year	**-**	10,061
Options converted	**-**	(3,829)
Options lapsed	**-**	(6,232)
Options on issue as at the end of the financial year	**-**	-
(c) Net tangible assets per ordinary unit ($)	**1.30**	1.04

(d) Components of net assets

Included within closing net assets are the following:		
Net unrealised losses in market value of securities	**(43,204)**	(15,064)

(e) Capital Management

Refer to 'Financial risk management objectives and policies' for the policies and processes applied by the Fund in managing its capital.

8. Cash and Cash Equivalents

	Consolidated	
(a) Reconciliation of cash and cash equivalents	**2011**	**2010**
	$000	**$000**
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise:		
- Cash at bank	**37,077**	25,522

Cash at bank and in hand earn interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is $37,077,000 (2010: $25,522,000).

	Consolidated	
	2011	**2010**
	$000	**$000**
(b) Reconciliation of net profit after tax to net cash flows from operating activities:		
Net profit after tax	**31,741**	35,300
Adjustments for:		
Change in fair value of investments	**28,141**	(30,896)
Foreign exchange gain / (loss)	**5,240**	(1,244)
Net realised gains on sale of investments	**(75,856)**	(11,203)
Changes in assets and liabilities:		
Increase/(decrease) in fees payable	**(71)**	-
Increase/(decrease) in other accounts payable	**3**	113
Increase/(decrease) in deferred tax liabilities	**(3,604)**	5,235
(Increase)/decrease in accrued interest	**453**	(207)
(Increase)/decrease in GST recoverable	**39**	(22)
Increase/(decrease) in provision for Income tax	**8,398**	-
Net cash flows from operating activities	**(5,516)**	(2,924)

(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**	307

	Consolidated 2011 $	2010 $
9. Auditors' Remuneration		
Amounts received or due and receivable by Ernst & Young for:		
- an audit or review of the financial report of the Fund	**76,550**	72,750
- other services in relation to the Fund		
- Taxation and other services	**117,098**	83,245
- Audit of the compliance plan	**11,000**	10,000
- Other assurance services	**-**	-
	204,648	165,995

10. Related Parties

(a) Responsible Entity

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

(b) Details of Key Management Personnel

(i) 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:

Directors of Responsible Entity
Mr Gordon Toll – Chairman (non-executive)
Mr Clive Donner – Managing Director (executive)
Mr Bruno Camarri AM (non-executive)
Mr Graham Fariss (non-executive)
Mr Nicholas Lattimore (non-executive)
Ms Tai Sook Yee (non-executive)

There were no changes of the Key Management Personnel after reporting date and up to the date the financial report was authorised for issue.

(ii) Other Key Management Personnel

In, addition to the Directors noted above, LinQ, the Responsible Entity of the Fund, is considered to be Key Management Personnel with the authority for the strategic direction and management of the Fund.

10. Related Parties (continued)

(iii) Compensation of Key Management Personnel

The Board of LinQ Capital Limited determines the aggregate level of Director's fees. Directors' fees are reimbursed from the LinQ Resources Fund in accordance with the Fund's Constitution.

Directors' remuneration is paid directly by LinQ Capital Limited and 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 reference 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.

Compensation is paid to the Responsible Entity in the form of fees and is disclosed in note (c).

(c) Fees and reimbursements

Directors Fees
The Key Management Personnel compensation paid or payable for the year and reimbursed by the Fund is as follows:-

		Short-term	
Specified Directors	**Position Held**	**Fees[1]**	**Fees[1]**
		2011	**2010**
		$	**$**
Gordon Toll	Non-Executive Chairman	**100,000**	100,000
Bruno Camarri	Non-Executive	**90,000**	90,000
Clive Donner	Managing Director	**-**	-
Graham Fariss	Non-Executive	**55,000**	55,000
Nicholas Lattimore	Non-Executive	**45,000**	45,000
Jyn Sim Baker (resigned 14 May 2010)	Non-Executive	**-**	39,066
Tai Sook Yee	Non-Executive	**45,000**	5,934
Total short- term		**335,000**	335,000

1. Includes superannuation where applicable.

Management fees paid to the Responsible Entity

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

Management fees, excluding GST, paid to the Responsible Entity for the financial year

- $3,677,752 (2010:$3,216,477) to LinQ Capital Limited.

10. Related Parties (continued)

Performance fee paid to the Responsible Entity

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

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

- $Nil (2010: $Nil) to LinQ Capital Limited.

Reimbursed expenses from the Fund

During the year the Responsible Entity incurred certain additional expenses on behalf of the Fund of $544,000 (2010: $367,682). These costs were reimbursed by the Fund in accordance with the Fund's Constitution.

(d)**Unit and Option Holdings of Key Management Personnel**

	Balance		**Net Change**		**Balance**	
Director	**01-Jul-10**				**30-Jun-11**	
	Ord Units	**Options**	**Ord Units**	**Options**	**Ord Units**	**Options**
Gordon Toll	-	-	-	-	-	-
Bruno Camarri	154,218	-	9,307	-	163,525	-
Clive Donner	1,009,100	-	112,983	-	1,122,083	-
Graham Fariss	200,501	-	-	-	200,501	-
Nicholas Lattimore	59,999	-	-	-	59,999	-
Tai Sook Yee	-	-	-	-	-	-

All equity transactions with Key Management Personnel, which relate to the Fund's listed ordinary units and options, have been entered into on an arm's length basis.

10. Related Parties (continued)

(e) Related party transactions

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

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

(i) Mr Clive Donner is a Director and has an indirect interest in LinQ Capital Limited (the Responsible Entity) and LinQ Management Pty Ltd (the Investment Manager). LinQ Capital Limited receives a benefit as Responsible Entity of the Fund and LinQ Management Pty Ltd has an interest in LinQ Resources Fund pursuant to the rights and obligations under the Investment Management Agreement.

(ii) LinQ Capital Limited received $3,677,752 (2010: $3,216,477) excluding GST, for the management of the Fund and is entitled to receive a performance fee of $Nil (2010: $Nil). LinQ Capital Limited is a wholly owned entity of Ashdon Nominees Pty Ltd, a company in which Mr Clive Donner is a Director.

(iii) Mr Bruno Camarri was a former Partner and is now a consultant to Freehills, a legal firm. During the year ended 30 June 2011 the Fund paid Freehills the amount of $659,754 (2010: $38,974) in legal expenses. In addition, Mr Camarri also charged the Fund consulting fees of $107,845 (2010: $nil).

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. Parent Entity Information

Information relating to LinQ Resources Fund

	2011 $'000	2010 $'000
Assets		
Cash and cash equivalents	**37,077**	25,522
Trade and other receivables	**105,848**	106,306
Investments in financial assets	**132,676**	172,093
Total assets	**275,601**	303,921
Liabilities		
Distribution payable	**3,463**	5,227
Trade and other payables	**147**	287
Provision for income tax	**8,398**	-
Deferred tax liabilities	**8,227**	11,831
Total liabilities	**20,235**	17,345
Net assets	**255,366**	286,576
Equity		
Issued capital	**162,047**	213,901
Retained earnings	**93,319**	72,675
Total equity	**255,366**	286,576
Profit or loss of parent entity	31,741	35,300
Total comprehensive income of parent entity	31,741	35,300

12. Financial Risk Management Objectives and Policies

The strategy of the Fund in mitigating risk in the selection of financial assets is carefully managed by the Board and Management of the Responsible Entity. The investment strategy is regulated by broad investment guidelines. The investment strategy is encompassed by the following main guidelines. These guidelines can be amended at the discretion of the Board of the Responsible Entity:

- The Fund can invest in listed and unlisted smaller to medium sized Australian and overseas resource companies with market capitalisations of less than A$3,000 million. The majority of investments are likely to be in Australian companies. However, the Fund may invest internationally.
- A sub-committee comprising at least 3 directors of the Responsible Entity can authorise the acquisition of investments with a cost of up to A$3 million with amounts in excess of this being approved by the Board of the Responsible Entity. Investments with a cost of $1million or less can be approved by senior management.
- The Fund may invest in companies involved in a wide variety of mineral commodities, in particular (but not limited to) precious metals, base metals, bulk minerals and energy.
- The Fund may invest in companies across the full spectrum of the maturity curve from early stage exploration through to production. Depending on the nature of deal flow and market conditions, many of the Fund's investments are likely to be in pre-cash flow or emerging companies.
- The Fund may utilise a variety of investment instruments to manage risk and optimise returns but may not short sell.
- Investments may be held for a number of years. The Fund may hold shorter-term investments when appropriate opportunities arise which will assist the Fund in improving its investment returns.
- The Investment Manager will, in some cases, take a proactive involvement in investee companies through board representation (or other means) to maximise the value of the investments of the Fund.
- The Fund's minimum weighting to available cash is $5m

The Fund engages in an on-market buy back of its units, which is designed to assist the Fund in maximising returns to unitholders. For information on the Fund’s on-market buy back, refer to note 7.

Capital Management

When managing capital, the Fund’s objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to unitholders. The Fund also aims to maintain a capital structure that ensures the lowest cost of capital available to the Fund.

The Fund is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the Fund may change the amount of distributions to be paid to unitholders or issue new units.

The Fund has an ongoing on-market unit buyback plan and during the year undertook an off-market withdrawal tender process to return capital to those unitholders who successfully tendered their units. During 2011, the Fund paid or provided for distributions of $5,207,000 (2010: $5,227,000).

The Fund considers total equity, comprising issued capital and retained earnings to form its capital base.

Financial risks

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 financial position and performance of the Fund is reported to and monitored by the Board of the Responsible Entity on a monthly basis.

12. Financial Risk Management Objectives and Policies (continued)

(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 and the secured bank loan. 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 below.

Interest rate risk is managed by investment of any surplus cash in short term deposits at variable interest rates so that the cash is available at short notice. Loans are provided at market rates for maximum periods as approved within the investment guidelines.

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 table below are non-interest bearing and are therefore not subject to interest rate risk.

There were no off balance sheet activities.

12. Financial Risk Management Objectives and Policies (continued)

(a) Interest rate risk

Consolidated	**Weighted Average Effective Interest Rate**	**Floating Rate**	**Fixed interest rate**			**Total**
30 June 2011			**<1 Year**	**>1- <2 Years**	**>2- <3 Years**	
On Statement of Financial Position	**%pa**	**$000**	**$000**	**$000**	**$000**	**$000**
Financial assets						
Cash	**5.0%**	**37,077**	**-**	**-**	**-**	**37,077**
		37,077	**-**	**-**	**-**	**37,077**

There were no off balance sheet activities at 30 June 2011.

Consolidated	**Weighted Average Effective Interest Rate**	**Floating Rate**	**Fixed interest rate**			**Total**
30 June 2010			**<1 Year**	**>1- <2 Years**	**>2- <3 Years**	
On Statement of Financial Position	**%pa**	**$000**	**$000**	**$000**	**$000**	**$000**
Financial assets						
Cash	3.7%	25,522	-	-	-	25,522
Convertible notes and mezzanine facilities	11.8%	-	9,000	-	-	9,000
		25,522	9,000	-	-	34,522

There were no off balance sheet activities at 30 June 2010.

The table at (e) below summarises the impact of an increase/decrease of interest rates on the Fund's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 50 basis points (2010: +/- 50 basis points) from the year end rates with all other variables held constant. The impact mainly arises from changes in the interest income.

(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.

Credit risk is managed through investment in entities after adequate due diligence and analysis by the Responsible Entity. All investments are approved in accordance with the financial risk management objectives and policies outlined in note 12.

12. Financial Risk Management Objectives and Policies (continued)

(b) Credit risk (continued)

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.
- The Manager undertaking detailed due diligence on potential investments.

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

The maximum exposure to credit risk at 30 June 2011 is the carrying amount of the instruments noted in the table below together with cash and cash equivalents.

The Fund's credit risk is concentrated amongst the following convertible notes, mezzanine finance facility and interest accrued thereon, which are not rated. These instruments are not past due and impaired. The terms of these instruments are stated below:

Consolidated & Parent	**Principal**	**Interest Rate**	**Maturity Dates**
	$000	**%**	
30 June 2011			
Nil	**Nil**	**-**	**-**
30 June 2010			
Continental Coal Limited	8,000	12.0%	Jan-11
Zambezi Resources Limited	1,000	10.0%	Jun-11

12. Financial Risk Management Objectives and Policies (continued)

(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. The majority of the Fund's equity investments are publicly traded and are included in the ASX Small Resources index.

The table at (e) below summarises the impact of an increase/decrease of the ASX Small Resources index on the Fund's net assets attributable at 30 June 2011. The analysis is based on the assumptions that the index will increase/decrease by 10% (2010: 10%) with all other variables held constant and that the fair value of the Fund's portfolio of equity securities and derivatives will move according to the historical correlation with the index. The impact mainly arises from the possible change in the fair value of listed equities.

(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 two (2010: three) investments denominated in US dollars and no hedging strategy is in place for these exposures. The carrying values for these investments were $22,877,165 (2010: $29,590,127).

The table at (e) below summarises the sensitivities of the Fund's investments to foreign currency risk. The analysis is based on the assumptions that the Australian dollar will weaken/strengthen by 10% (2010: 10%) against other currencies to which the Fund is exposed. The impact arises from the possible change in the fair value of equities denoted in foreign currencies.

(e) Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unitholders to price risk and interest rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and the historical correlation of the Fund's investments with the ASX Small Resources index and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market corrections resulting from changes in the performance of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

12. Financial Risk Management Objectives and Policies (continued)

(e) Summarised sensitivity analysis (continued)

Consolidated	**Price risk**			
	Impact on net profit/(loss) after tax		**Impact on other comprehensive income**	
	-10%	**+10%**	**-10%**	**+10%**
	$000	**$000**	**$000**	**$000**
30 June 2011				
Financial assets	**-26,613**	**26,613**	**-**	**-**
30 June 2010				
Financial assets	-32,483	32,483	-	-

Consolidated	**Interest rate risk**			
	Impact on net profit/(loss) after tax		**Impact on other comprehensive income**	
	-50BPS	**+50BPS**	**-50BPS**	**+50BPS**
	$000	**$000**	**$000**	**$000**
30 June 2011				
Financial assets	**-185**	**185**	**-**	**-**
30 June 2010				
Financial assets	-128	128	-	-

Consolidated	**Foreign currency risk**							
	Impact on net profit/(loss) after tax				**Impact on other comprehensive income**			
	-10%	**+10%**	**-10%**	**+10%**	**-10%**	**+10%**	**-10%**	**+10%**
	GBP	**GBP**	**USD**	**USD**	**GBP**	**GBP**	**USD**	**USD**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
30 June 2011								
Financial assets	**-**	**-**	**-2,288**	**2,288**	**-**	**-**	**-**	**-**
30 June 2010								
Financial assets	-147	147	-2,812	2,812	-	-	-	-

(f) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments.

To control liquidity, 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.

12. Financial Risk Management Objectives and Policies (continued)

The Fund holds options with exercise or maturity date of March 2012. If these options were exercised at balance date the exercise amount would be $500,000 (2010: $9,500,000).

- Maturity analysis for financial liabilities

Financial liabilities of the Fund comprise trade and other payables, distributions payable. Trade and other payables and distributions payable have no contractual maturities but are typically settled within 30 days.

Consolidated	**Liquidity risk**				
	< 6 months	**6-12 months**	**1-5 years**	**> 5 years**	**Total**
30 June 2011					
Trade and other payables	**147**	**-**	**-**	**-**	**-**
Distribution payable	**3,463**	**-**	**-**	**-**	**-**
30 June 2010					
Trade and other payables	287	-	-	-	-
Distribution payable	5,227	-	-	-	-

(g) Fair value estimation

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.

13. Segment Information

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

The table below analyses the Fund's operating income per geographical location. The basis for attributing the operating income is the counterparty's place of incorporation.

	Consolidated	
	2011	**2010**
	$000	**$000**
Australia	**50,254**	44,192
Rest of the world	**(5,240)**	1,244
	45,014	45,436

The table below analyses the Fund's operating income per investment type.

Listed Securities	**42,940**	43,673
Convertible notes, mezzanine facilities and bank interest	**2,074**	1,763
	45,014	45,436

14. Earnings per Unit

Basic earnings per unit amounts are calculated by dividing the 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.

At year end, there are no options on issue.

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

	Consolidated	
	2011	**2010**
	$000	**$000**
Net profit attributable to unitholders	**31,741**	35,300
Weighted average number of units for basic and diluted earnings per unit (No.)	**137,504**	170,680
Basic earnings per unit for net profit attributable to unitholders (cents)	**23.1**	20.7
Diluted earnings per unit net profit attributable to unitholders (cents)	**23.1**	20.7

15. Commitments and Contingencies

LinQ Capital Limited, in its capacity as Responsible Entity for the Fund conducts an on-market buy back of Fund units.

At balance date, LinQ Capital Limited had bought back 4,413,412 units (2010: 471,792 units), with a balance of potentially 16,027,955 units to be bought back by the Fund on-market. In addition to the above, LinQ Capital Limited also redeemed 55,566,392 units through the off-market withdrawal tender process, which was approved by unitholders at an Extraordinary General Meeting of the Fund, on 8 November 2010.

Under an agreement with Continental Coal Limited ('Continental'), the Fund is entitled to a 40% share of a USD $15 million royalty payable by Continental based on USD $1.00 per tonne for the first 15 million tonnes of coal mined by Continental. The Fund's entitlement is contingent upon Continental's production of coal in future periods.

16. Events after the Reporting Date

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.

DIRECTORS' DECLARATION

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 and of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Fund's and the Consolidated Entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1;

(c) there are reasonable grounds to believe that the Fund will be able to pay its debts as when they become due and payable;

(d) 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 2011;and

(e) the financial statements are in accordance with the provisions of the Fund's Constitution.

On behalf of the Board
LinQ Capital Limited

Clive Donner
Managing Director

Perth

30 August 2011

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
www.ey.com/au

Independent auditor's report to the unitholders of LinQ Resource Fund

Report on the financial report

We have audited the accompanying financial report of LinQ Resource Fund (the Fund), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Responsible Entity for the Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

TD:MB:LINQ:041

Opinion

In our opinion:

a. the financial report of LinQ Resources Fund is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the Linq Resources Fund's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Ernst & Young

Ernst & Young

T G Dachs
Partner
Perth
30 August 2011

TD:MB:LINQ:041

ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 17 August 2011.

(a) Distribution of units

The numbers of unitholders, by size of holding are:

	Number of holders	Number of units
1 - 1,000	308	142,016
1,001 - 5,000	506	1,525,562
5,001 - 10,000	435	3,267,291
10,001 - 100,000	848	24,674,451
100,001 and over	83	153,436,752
Total	2,180	183,046,072

There are 203 unitholders holding less than a marketable parcel of units at 17 August 2011.

(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.	LINQ CAPITAL NO 2 PTY LTD <LINQ RESOURCES FUND NO 2 A/C>	67,640,071	36.95
2.	IMC RESOURCES HOLDINGS PTE LTD	32,092,600	17.53
3.	WA LOCAL GOVERNMENT SUPERANNUATION PLAN PTY LTD	18,246,389	9.97
4.	FIRE AND EMERGENCY SERVICES SUPERANNUATION BOARD	10,912,906	5.96
5.	COAL INDUSTRY SUPERANNUATION FUND	2,110,886	1.15
6.	YANDAL INVESTMENTS PTY LTD	1,725,460	0.94
7.	COGENT NOMINEES PTY LIMITED	1,714,463	0.94
8.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,111,941	0.61
9.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	1,074,030	0.59
10.	WOODCROSS HOLDINGS PTY LTD <LION SUPERANNUATION FUND A/C>	987,593	0.54
11.	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	783,224	0.43
12.	BRAZIL FARMING PTY LTD	710,000	0.39
13.	LIC INVESTMENTS PTY LTD <LIC INVESTMENTS UNIT A/C>	700,000	0.38
14.	FIRE AND EMERGENCY SERVICES	641,935	0.35
15.	MARGUERITE CORPORATION PTY LTD <JULIE BLADON SUPER FUND A/C>	530,000	0.29
16.	FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C>	482,330	0.26
17.	DR JOHN EDWARD HENDRY	433,747	0.24
18.	ALA MOANA INVESTMENTS PTY LTD <WARREN KINSTON FAMILY A/C>	400,000	0.22
19.	MRS KATHRYN MARGARET EVANS	398,880	0.22
20.	DR IAN CHARLES SIMPSON + MRS RUPINDER KAUR SACHDEV	392,717	0.21
		143,089,172	78.17%

(c) Unquoted option securities

- Nil

(d) 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
LinQ Capital No 2 Pty Ltd <LinQ Resources Fund No 2 A/C>	67,640,071
IMC Resources Holdings Pte Ltd	32,092,600

(e) Voting rights

All units carry one vote per unit without restriction.

(f) Transactions in securities

During the year ended 30 June 2011, the Fund recorded 229 transactions in securities. Brokerage of $450,555 (net of GST) was paid or accrued on these transactions.

(g) Investment Management Agreement

The Responsible Entity ('RE') engaged LinQ Management Pty Ltd ('the Manager') to manage the Fund's portfolio on the terms and conditions recorded in an Investment Management Agreement ('IMA') dated 11 October 2004, a summary of which is included in a Product Disclosure Statement dated 11 October 2004.

Subsequent to this IMA, the investment guidelines contained in this agreement have been amended from time to time at the Manager's discretion.

CORPORATE GOVERNANCE STATEMENT

The ASX Corporate Governance Council has published the 'Revised Corporate Governance Principles and Recommendations'. LinQ Capital Limited ("LCL") in its capacity as Responsible Entity of the LinQ Resources Fund ("Fund") has complied with these Revised Principles, which are covered in more detail on the Funds website at www.linqresources.com

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

Composition of the Board

The composition of the Board of LinQ Capital Limited 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	Independent
Ms Tai Sook Yee	Non-Executive Director	Independent

The Revised Corporate Governance Principles and Recommendations 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 (four of which are independent) and an independent Chairman.

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 six years the current Board of Directors (except Ms Tai Sook Yee who was appointed in May 2010) has demonstrated that they have a proper understanding of, and competence to deal with, the current and emerging issues of the Fund. Furthermore, the Board of Directors has demonstrated that it has the appropriate mix of skills, knowledge and experience to effectively review and challenge the performance of management and exercise independent judgement where necessary.

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 two non-executive Directors and one executive Director. The nomination committee comprised the following members:

Mr Gordon Toll (Chairman)
Mr Clive Donner
Mr Bruno Camarri

Code of Ethics and Conduct& Policy on Trading in Securities

The Board has adopted a Code of Ethics and Conduct, which promotes ethical and responsible decision making by Directors, executives and employees.

The Code of Ethics and Conduct requires high standards of honesty, integrity, fairness and equity in all aspects of employment with LCL. The Code also sets the task for management of delivering unitholder value, with the oversight of the Board, through the sustainable and efficient operation of LCLand the Fund.

The Board has also developed a written policy on personal account trading and inside information that governs trading in Fund securities and the securities the Fund invests in, or is likely to invest in, by Directors, executives, employees and associates of officers or employees, to ensure adherence to the requirements of LCL's AFSL, the Corporations Act and the Fund's Constitution.

Continuous Disclosure

The Board has adopted a policy and procedures statement on Continuous Disclosure to ensure compliance with ASX Listing Rules and Corporations Act 2001 disclosure requirements and to ensure accountability at a senior management level for that compliance.

All Directors, officers and employees of LCL are required to comply with this and all other policy and procedures statements issued from time and time and to ensure adherence to these policies and procedures are required to sign an acknowledgement statement, which expressly states that they have received LCL policy statements and have read and understood them. Furthermore continuous training is provided to ensure that all officers and employees are kept abreast with and relevant changes made to the governing laws, rules and regulations.

Audit Committee

The Board has established an audit committee, which operates under a formal 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 committed 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:

Mr Bruno Camarri (Chairman)
Mr Gordon Toll
Mr Graham Fariss

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 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.

Remuneration of the Responsible Entity is governed by the Fund's Constitution. The external auditor reviews the fees paid to the Responsible Entity out of the assets of the Fund at leastannually. The Board therefore considers it not appropriate to have a remuneration committee.

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 by the Chairman. 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 who have elected to receive it;
- the half-yearly report, which is released to the market; and
- the quarterly report summarising the Fund's activities in the past quarter, which is distributed to all unitholders.

LCL also communicates with unitholders in the Fund by direct mail and publication of material on the Fund's web site (http://www.linqresources.com). Unitholders may communicate with LCL by writing to or telephoning the Company, the contact details of which appear in the Corporate Directory.

The Fund is a registered managed investment scheme and, as such, LCL is not required to convene an annual general meeting for the scheme.

MANAGEMENT AND ADMINISTRATION

RESPONSIBLE ENTITY
LinQ Capital Limited
Australian Financial Services Licence 239785

MANAGER
LinQ Management Pty Ltd

REGISTERED OFFICE
Level 1, LinQ House, 17 Ord Street, West Perth, WA, 6005
Telephone: +61 (0)8 9488 8888 Fax: +61 (0)8 9481 0666

UNIT REGISTRY
Computershare Investor Services Pty Ltd, 452 Johnstone Street, Abbotsford, Vic, 3067
Telephone: +61 (0)3 9415 5000 Fax: +61 (0)3 9473 2500
Investor Queries within Australia: 1300 850 505

OPERATING OFFICE
LinQ Capital Limited
Level 1, LinQ House, 17Ord Street, West Perth WA 6005
Telephone: +61 (0)8 9488 8888 Fax: +61 (0)8 9481 0666

DIRECTORS OF THE RESPONSIBLE ENTITY
Mr Gordon Toll
Mr Clive Donner
Mr Graham Fariss
Mr Bruno Camarri AM
Mr Nicholas Lattimore
Ms Tai Sook Yee

SECRETARY OF THE RESPONSIBLE ENTITY
Mr Simon Durack JP
Level 1, LinQ House, 17Ord Street, West Perth WA 6005

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

AUDITORS AND TAX ADVISERS TO THE FUND
Ernst & Young
11 Mounts Bay Road, Perth, WA 6000