LINDIAN
resources LTD

(ABN 53 090 772 222)
(formerly VPH Limited)

Annual Financial Report
For the year ended 30 June 2007

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CORPORATE INFORMATION

ABN 53 090 772 222

Directors

Reginald N Gillard (Non-Executive Chairman)
Gregory L Smith (Executive Director)
Patrick J Flint (Non-Executive Director)
Gavin Argyle (Non-Executive Director)

Company Secretary

Paul Jurman

Registered office

Ground Floor
30 Ledgar Road
Balcatta WA 6021

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Principal place of business

Ground Floor
30 Ledgar Road
Balcatta WA 6021

Share Register

Computershare Investor Services Pty Ltd
Level 2, 45 St George's Terrace
Perth WA 6000

Solicitors

Steinepreis Paganin
Level 4, 16 Milligan Street
Perth WA 6000

Auditors

RSM Bird Cameron Partners
8 St George's Terrace
Perth WA 6000

REVIEW OF OPERATIONS

The 2007 financial year has been one of significant development for the Company. In September 2006 the Company's shareholders resolved to change the focus of activities to the resources sector, and to change the Company's name to Lindian Resources Limited. The reason for the change was that the Company's technology related business was not viable and it was considered the resources sector will provide the Company and its Shareholders with significant potential upside.

The Company's objective is to identify and acquire projects with potential for significant mineral resources across a range of commodities, including diamonds, gold, platinum and iron ore. The Company is focussing its efforts to identify such projects in Africa, and in particular countries that are rich in mineral resources but untested by modern exploration techniques. The political risks associated with operating in these countries are often significantly higher than operating in Australia, but the potential rewards are also significantly higher.

In conjunction with the change of activities in September 2006 the Company:

- entered into a joint venture agreement to earn an 80% interest in the Tshikapa Diamond Project (agreement settled in October 2006);
- completed a public offering raising A$1.595 million; and
- appointed a new board and management team consisting of Mr Reg Gillard, Mr Greg Smith and Mr Patrick Flint (each of whom were appointed to the Board of Directors). Mr Rob Franco and Mr Geoff Gander resigned from the Board of Directors.

Since October 2006 the Company has focused its efforts on exploring the Tshikapa Diamond Project and on actively seeking further prospective exploration and mining projects in Africa. The Company is presently in advanced negotiations in respect of two projects; a coastal Iron project in West Africa and a Gold/Diamond project in the north east of the Democratic Republic of Congo. Negotiations in respect of both projects are expected to be finalized by the end of 2007. Any agreements entered into will be subject to a detailed due diligence review.

The Company disposed of its technology related assets in February 2007.

Tshikapa Diamond Project (Company earning 80%)

The Tshikapa Diamond Project is located in the Tshikapa diamond field, in the West Kasai region of the Democratic Republic of Congo. The field is about 600 km east-southeast of Kinshasa, the capital of DRC. The Tshikapa Diamond Project consists of four licence areas covering about 800 sq km in the Tshikapa Diamond Field, one of the largest alluvial provinces in the world, located along the northern margin of the Congo–Angola diamond province.

The project area has substantial alluvial diamond production from several sources including river gravels and terraces, and well defined basal conglomerates in Cretaceous sediments. Although no hard rock sources have been located to date, the presence of kimberlitic indicator minerals in heavy mineral concentrates collected by previous workers suggested that kimberlitic intrusives may be present in the area.

During the year the Company undertook a review of historic data for the area and completed stream sediment sampling over the project area. Satellite imagery was used to delineate sampling sites. The minus 80 fraction of the stream sediment samples was dispatched to Genalysis Laboratory in Perth, Western Australia for geochemical analysis for a broad range of elements including gold, base metals, cobalt, nickel and platinoids. The heavy mineral concentrate was sent to Diatech (also in Perth, Western Australia) for visual determination of kimberlitic indicator minerals.

The results for both the geochemical analysis and the visual examination did not show any anomalous results indicative of a possible mineralization within the underling rocks. The concentrate examined by Diatech demonstrated the presence of minerals which potentially originated from a kimberlitic source. Five samples of the 68 taken demonstrated elevated ilmenite and spinel counts with some of these grains classified as B Type spinel or A Type ilmenites. Selected grains from these samples were dispatched for microprobe analysis to determine whether their composition matched that of a potentially economic kimberlitic source rock. It was determined that these samples did not originate from such a kimberlite source.

The Company is presently reviewing the potential for further exploration activity in respect of this project.

DIRECTORS' REPORT

Your directors submit the annual financial report of Lindian Resources ("the Company") and its controlled entity ("the consolidated entity") for the financial year ended 30 June 2007.

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Reginald N Gillard – (Non-Executive Chairman) (60 years)

Appointed 30 October 2006

Reg Gillard has been involved in the resources sector for over 20 years, and is currently focused on corporate management, corporate governance and the evaluation and acquisition of businesses. He has considerable experience in acquiring mineral projects (particularly in Africa) and in raising funds for the exploration and development of such projects. Prior to this Mr Gillard practised as an accountant, during which time he formed and developed a number of service related businesses. He is a non-executive chairman of Aspen Group Ltd, Caspian Oil & Gas Limited, Perseus Mining Limited, Lafayette Mining Limited, Pioneer Nickel Limited (from 17 March 2005), Eneabba Gas Limited (from 2 August 2005), Tiger Resources Limited (from 9 December 2005) and Elemental Minerals Limited (from 6 June 2006). He also served as non-executive chairman of Moto Goldmines Limited (ceased 17 August 2005).

Gregory L Smith – BSc, AUSIMM (Executive Director) (53 years)

Appointed 30 October 2006

Mr Smith has a BSc in Geology from Dalhousie University in Canada. He is a Fellow of the Geological Association of Canada and a Member of the Australasian Institute of Mining and Metallurgy. Mr Smith has 30 years experience gained as an exploration and mining geologist in Canada, Africa, Australia and South East Asia in both staff and consulting roles. Most recently Mr Smith was exploration manager for Moto Goldmines Ltd on the Moto Gold Project in the DRC. He is currently also a director of Elemental Minerals Limited (from 30 January 2007).

Patrick J Flint – CA, BCom (Non-Executive Director) (42 years)

Appointed 30 October 2006

Patrick Flint is a chartered accountant with significant experience in the management of publicly listed mineral exploration companies. He has been involved in numerous capital raisings and project acquisitions. He is also an executive director of Erongo Energy Limited (from 23 November 2006) and a non-executive director of Tiger Resources Limited (from 9 January 2007) and Zedex Minerals Limited (from 1 May 2007), and company secretary of Elemental Minerals Limited and Red Metal Limited (all of which are listed on the Australian Stock Exchange).

Gavin Argyle – B.Com, MBA (Non–Executive Director) (44 years)

Mr Gavin Argyle has over 10 years experience in investment banking and stock broking in Australia, including initiating, managing and completing share placements and initial public offerings for more than 30 companies. Mr Argyle has served on the board of numerous Australian and US listed and private companies in executive and non-executive positions. He is currently an Executive Director of Capital Investment Partners Pty Limited. His qualifications include a Bachelor of Commerce from the University of Western Australia and an MBA from the Wharton Business School at the University of Pennsylvania. He is currently also a director of Biron Apparel Limited (from 21 December 2006).

Mr Geoff Gander acted as Executive Director until his resignation from the Board on 30 October 2006.

Mr Robert Franco acted as Non-executive Director until his resignation from the Board on 30 October 2006.

Company Secretary

Paul Jurman – CPA, B Com

Appointed 30 October 2006

Mr Jurman is a CPA with over 10 years experience and has been involved with a diverse range of Australian public listed companies in company secretarial and financial roles. He is also company secretary of Erongo Energy Limited, Carnavale Resources Limited, Elemental Minerals Limited and Pan Palladium Limited.

DIRECTORS' REPORT (continued)

Principal Activities

The principal activity of the consolidated entity during the year was changed to the exploration and evaluation of mineral interests. The consolidated entity ceased its activities related to the development and marketing of enhanced electronic messaging and communication services to individuals and businesses throughout Australia.

Review of operations

A review of operations of the consolidated entity during the year ended 30 June 2007 is provided in the "Review of Operations" immediately preceding this Directors' Report.

Operating results for the year

The consolidated loss for the year after income tax was $1,860,699 (2006: $169,138)

Significant changes in the state of affairs

On 25 October 2006 the consolidated entity raised $1,594,800 by the issue of 5,316,000 ordinary shares at 30 cents each pursuant to a Prospectus dated 13 September 2006.

On 31 October 2006, the Company issued 1,250,000 shares and 1,000,000 options pursuant to an agreement with CRC as consideration for the identification of the Tshikapa Diamond Project in the Democratic Republic of Congo.

During the year, the Company entered into a heads of agreement with Masters sprl (Masters) pursuant to which the Company has the right to earn an 80% interest in the Tshikapa Diamond Project (Exploration Joint Venture Heads of Agreement). On 31 October 2006, the Company satisfied various conditions pursuant to the Formal Farm-in Joint Venture Agreement, and issued the first tranche of consideration of 400,000 shares.

In February 2007, the Company completed a non-renounceable entitlements issue of 1 option for every 2 shares held by shareholders to raise approximately $163,850.

Significant events after balance date

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the Company in subsequent financial years.

Likely developments and expected results

The Consolidated Entity remains committed to adding to shareholder wealth through the development of its mineral interests. The Company continues to review potential project opportunities, being primarily resources projects located in Africa.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Directors' Meetings

The number of meetings held during the year and the number of meetings attended by each director were as follows:

	Number of meetings attended during period in office	Number of meetings held during period in office
Number of meetings attended:		
R N Gillard	**3**	**3**
G L Smith	**3**	**3**
P J Flint	**3**	**3**
G J Argyle	**4**	**4**
R M Franco	**1**	**1**
G A Gander	**1**	**1**

The Company does not have audit, remuneration or nomination committees. Due to the small size of the board all matters that would be addressed by committees are dealt with by the full board of directors.

DIRECTORS' REPORT (continued)

Directors Interests

The interests of each Director in the shares and options of the Company at the date of this report are as follows:

	Fully paid ordinary shares	Options over ordinary shares
R N Gillard	810,541	1,676,103
G L Smith	733,952	1,366,976
P J Flint	517,541	1,493,603
G J Argyle	-	585,000

Share Options

As at the date of this report, there are 21,932,004 options to subscribe for unissued ordinary shares in the Company, comprising:

	Number of options	Exercise price	Expiry date
Listed options	17,383,504	$0.30	31 Dec 2009
Unlisted options	550,000	$0.20	31 Dec 2010
Unlisted options	1,000,000	$0.20	1 July 2011
Unlisted options	3,000,000	$0.30	15 Sept 2009

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate. There are no options to subscribe for shares in any controlled entity.

Options issued during the year were as follows:

- 1,000,000 listed options were issued to Capital Investments Pty Ltd, a director-related company for corporate advisory services.
- 16,383,504 listed options were issued at a price of $0.01 each on the basis of one option for every two shares held at the record date per the prospectus.
- 1,000,000 unlisted options were issued to Corporate & Resource Consultants Pty Ltd, a director-related entity, as consideration for the identification of the Tshikapa Diamond Project in the Democratic Republic of Congo.
- 3,000,000 unlisted options were issued to Mr Gillard, Mr Flint and Mr Smith as an incentive for them to provide ongoing commitment and effort to the Company.

All options were granted during the financial year. No options have been granted since the end of the financial year.

Details of ordinary shares issued during the financial year as a result of the exercise of an option are:

Number of shares	Amount paid per share
1,463	$0.30

For details on the valuation of the options issued during the year, including models and assumptions used, please refer to Note 21. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify the directors and previous directors of the Company, against all liabilities to another person that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company agreed to pay an annual insurance premium of $20,015 in respect of directors' and officers' liability and legal expenses' insurance contracts, for directors, officers and employees of the Company. The insurance premium relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome.
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty.

Remuneration report

This report outlines the remuneration arrangements in place for directors and executives of the Company.

Remuneration philosophy

The performance of the company depends upon the quality of the directors and executives. The philosophy of the company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate performance hurdles for variable executive remuneration.

Options Issued as part of remuneration for the year ended 30 June 2007

Options are issued to directors and executives as part of their remuneration.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. Aggregate remuneration is currently set at $150,000 per year.

Each director receives a fee for being a director of the company.

The remuneration of non-executive directors for the year ended 30 June 2007 is:

	Base Emolument	**Superannuation**
R N Gillard	26,667	2,400
P J Flint	32,000	2,880
G J Argyle	29,411	-
R M Franco	34,750	900

DIRECTORS' REPORT (continued)

Executive Officers

Mr Smith is an Executive Director of the Company and is entitled to Director Fees of $100,000 per annum plus superannuation.

Mr Gander was an Executive Director of the Company and received Directors Fees of $30,000 per annum plus $150 per hour in consulting fees for fulfilling the Executive duties of the Company. Mr Gander received a termination payment of $25,000 at the time of his resignation for services provided.

Options issued to Executive and Non-executive directors

Directors 30 June 2007	**Granted No.**	**Granted as remuneration $**	**Remuneration represented by options %**	**Options Exercised $**	**Options Lapsed $**
R N Gillard (i)	1,000,000	148,000	81.7%	-	-
G L Smith (i)	1,000,000	148,000	65.9%	-	-
P J Flint (i)	1,000,000	148,000	79.0%	-	-
G J Argyle	-	-	-	-	-
G A Gander	-	-	-	-	-
R M Franco	-	-	-	-	-
	3,000,000	444,000	-	-	-

Directors 30 June 2006	**Granted No.**	**Granted as remuneration $**	**Remuneration represented by options %**	**Options Exercised $**	**Options Lapsed $**
G J Argyle	330,000	660	2.15%	-	-
G A Gander	300,000	600	1.30%	60,000	-
R M Franco	-	-	-	-	-
Executives					
A Meloncelli	50,000	100	0.47%	10,000	-
	680,000	1,360	-	70,000	-

The fair value of the options was calculated using a Black and Scholes model. The following factors and assumptions were taken into account in determining the fair value of options on the grant date.

Grant Date	Expiry Date	Fair value per option	Exercise price	Price of shares on valuation date	Expected Volatility	Risk free interest rate	Dividend yield
(i) 27 October 2006	15 September 2009	14.8 cents	30 cents	30 cents	70%	5.50%	-

For details on the valuation of the options, including models and assumptions used, please refer to Note 21. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

DIRECTORS' REPORT (continued)

30 June 2007	Short-term Salary & Fees	Short-term Other	Post Employment Super	Share Based Payment Options	Total	Remuneration represented by options
	$	$	$	$	$	%
Directors						
R N Gillard (appointed 30 October 2006)	26,667	4,154	2,400	148,000	181,221	81.7%
G L Smith (appointed 30 October 2006)	66,667	4,154	6,000	148,000	224,821	65.9%
P J Flint (appointed 30 October 2006)	32,000	4,154	2,880	148,000	187,034	79.0%
G J Argyle	29,411	5,287	-	-	34,698	
G A Gander (resigned 30 October 2006)	34,750	1,133	-	-	35,883	-
R M Franco (resigned 30 October 2006)	34,750	1,133	900	-	36,783	-
	224,245	20,015	12,180	444,000	700,440	

30 June 2006	Short-term Salary & Fees	Share Based Payment Options	Total	Remuneration represented by options
	$	$	$	%
Directors				
G J Argyle	30,000	660	30,660	2.15%
G A Gander	45,500	600	46,100	1.46%
R M Franco	30,000	-	30,000	-
Executives				
S Mison (appointed 13 March 2006)	14,320	-	14,320	-
A Meloncelli (resigned 13 March 2006)	21,048	100	21,148	0.47%
	140,868	1,360	142,228	

DIRECTORS' REPORT (continued)

Environmental issues

The Consolidated Entity is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, RSM Bird Cameron Partners, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 19 and forms part of this directors' report for the year ended 30 June 2007.

Non-Audit Services

The following non-audit services were provided by our auditors, RSM Bird Cameron Partners. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

RSM Bird Cameron Partners received or are due to receive the following amounts for the provision of non-audit services:

Independent Accountant Report for prospectus	$14,640

Signed in accordance with a resolution of the directors.

R N Gillard
Chairman

26 September 2007.

CORPORATE GOVERNANCE STATEMENT

The ASX Listing Rules require listed entities to disclose the extent to which they have followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period.

This corporate governance statement summarises the corporate governance practices that have been formally reviewed and adopted by the Board with a view to ensuring continued investor confidence in the operations of the Company. A table has been included at the end of this statement detailing the Company's compliance with the best practice recommendations.

The Company's website at www.lindianresources.com.au contains a corporate governance section that includes copies of the Company's corporate governance policies.

BOARD OF DIRECTORS

Role of the Board (1.1)

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- To set the strategic direction for the Company and monitor progress of those strategies;
- Establish policies appropriate for the Company;
- Monitor the performance of the Company, the Board and management;
- Approve the business plan and work programmes and budgets;
- Authorise and monitor investment and strategic commitments;
- Review and ratify systems for health, safety and environmental management; risk and internal control; codes of conduct and regulatory compliance;
- Report to shareholders, including but not limited to, the Financial Statements of the Company; and
- Take responsibility for corporate governance.

Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations.

The names of Directors of the Company in office at the date of this statement are set out in the Directors' Report.

Information regarding Directors' experience and responsibilities will be included in the Directors' Report section of the Annual Report **(2.5)**.

The number of Directors is specified in the Constitution of the Company as a minimum of three up to a maximum of ten.

The preferred skills and experiences for a Director of the Company include:

- Mineral Resources;
- Corporate and Business Development; and
- Public Company administration.

CORPORATE GOVERNANCE STATEMENT (continued)

Chairman of the Board

The Chairman of the Board will be a Non-Executive Director and the Chairman will be elected by the Directors. The Board considers that the Chairman, Mr Reg Gillard is independent **(2.2/2.3).**

Independent Directors **(2.1)**

The Board considers that a Director is independent if that Director complies with the following criteria:

- Apart from Director's fees and shareholding, independent Directors should not have any business dealings which could materially affect their independent judgment;
- Must not have been in an Executive capacity in the Company in the last 3 years;
- Must not have been in an advisory capacity to the Company in the last 3 years;
- Must not be a significant customer or supplier for the Company;
- Must not be appointed through a special relationship with a board member;
- Must not owe allegiance to a particular group of shareholders which gives rise to a potential conflict of interest;
- Must not hold conflicting cross Directorships; and
- Must not be a substantial shareholder or a nominee of a substantial shareholder (as defined under section 9 of the Corporations Act).

Using the ASX Best Practice Recommendations on the assessment of the independence of Directors, the Board considers that of a total of four Directors, two are considered to be independent (Mr Reg Gillard and Mr Patrick Flint).

Mr Greg Smith is an Executive Director of the Company and is not considered to be independent. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Mr Gavin Argyle is a Non-Executive Director of the Company and is not considered to be independent. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

Retirement and Rotation of Directors

Retirement and rotation of Directors are governed by the Corporations Act 2001 and the Constitution of the Company. Each year one third Directors must retire and offer themselves for re-election. Any casual vacancy filled will be subject to shareholder vote at the next Annual General Meeting of the Company.

Independent Professional Advice (2.5)

Each Director has the right to seek independent professional advice at the Company's expense after consultation with the Chairman. Once received the advice is to be made immediately available to all board members.

Access to Employees

Directors have the right of access to any employee. Any employee shall report any breach of corporate governance principles or Company policies to the Executive Director and/or Company Secretary/Financial Controller who shall remedy the breach. If the breach is not rectified to the satisfaction of the employee, they shall have the right to report any breach to an independent Director without further reference to senior managers of the Company.

Share Ownership

Directors are encouraged to own Company shares.

CORPORATE GOVERNANCE STATEMENT (continued)

Board Meetings

The following points identify the frequency of Board Meetings and the extent of reporting from management at the meetings:

- A minimum of four meetings are to be held per year;
- Other meetings will be held as required, meetings can be held by telephone link; and
- Information provided to the Board includes all material information on: operations, budgets, cash flows, funding requirements, shareholder movements, broker activity in the Company's securities, assets and liabilities, disposals, financial accounts, external audits, internal controls, risk assessment, new venture proposals, and health, safety and environmental reports.

The number of Directors' meetings and the number of meetings attended by each of the Directors of the Company during the financial year are set out in the Directors' Report.

Board Performance Review (8.1)

It is the policy of the Board to conduct an evaluation of its performance. Performance is measured by the efficiency and effectiveness of the designing and implementation of the exploration and development programme, the enhancement of the Company's mineral interest portfolio, the maintenance of relationships with joint venture partners, the securing of required funding and the success of the Company's exploration and development activities. Performance evaluation is not based on specific financial indicators such as earnings or dividends as the Company is at the exploration stage and during this period is expected to incur operating losses.

Other Areas for Board Review

- Reporting to shareholders and the market to ensure trade in the Company's securities takes place in an efficient, competitive and informed market; and
- Insurance, both corporate and joint venture related insurances.

Board Committees

Audit Committee **(4.2)**

The Company does not have an audit committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by an audit committee can be adequately handled by the full Board.

A Director and the Company Secretary have declared in writing to the Board that the Company's financial statements for the year ended 30 June 2007 present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This representation is made by a Director and Company Secretary/Financial Controller prior to the Director's approval of the release of the annual and six monthly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management **(4.1)**.

Nomination Committee **(2.4)**
The Board of Directors of the Company does not have a nomination committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a nomination committee can be adequately handled by the full Board.

Remuneration Committee **(8.1) (9.2) (9.5)**

The Company does not have a remuneration committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a remuneration committee can be adequately handled by the full Board.

The Company's policy for determining the nature and amount of emoluments of Board members is as follows:

- Remuneration of Executive and Non –Executive Directors is reviewed annually by the Board.
- Remuneration packages are set at levels intended to attract and retain Directors and Executives capable of managing the Company's operations and adding value to the Company.
-

For details of remuneration paid to Directors and officers for the financial year please refer to the Directors' Report and Note 20 to the Financial Statements.

CORPORATE GOVERNANCE STATEMENT (continued)

Risk Management (7.1)

The Company's risk management policy is designed to provide the framework to identify, assess, monitor and manage the risks associated with the Company's business. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. The risks involved in a resources sector company and the specific uncertainties for the Company continue to be regularly monitored and the full Board of the Company meets on an annual basis to formally review such risks. All proposals reviewed by the Board include a consideration of the issues and risks of the proposal. The potential exposures associated with running the Company have been managed by the Directors and Company Secretary who have significant broad-ranging industry experience, work together as a team and regularly share information on current activities.

Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

The Company's main areas of risk include:

- exploration;
- new project acquisitions;
- security of tenure;
- environment;
- government policy changes and political risk;
- occupational health and safety;
- financial reporting; and
- continuous disclosure obligations.

Additionally, it is the responsibility of the Board to assess the adequacy of the Company's internal control systems and that its financial affairs comply with applicable laws and regulations and professional practices.

Regular consideration is given to all these matters by the Board. The Company has in place an internal control framework to assist the Board in identifying, assessing, monitoring and managing risk.

The Company's internal control system is monitored by the Board and assessed regularly to ensure effectiveness and relevance to the Company's current and future operations. Procedures have been put into place to ensure a Director and the Company Secretary/Financial Controller state in writing to the Board that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively. This representation is made by a Director and Company Secretary/Financial Controller prior to the Director's approval of the release of the annual and six monthly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management **(4.1) (7.2)**.

The Company is not currently of a size to require the formation of committees. The full Board has the responsibility for the risk management of the Company.

PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of Conduct **(10.1)**

The goal of establishing the Company as a significant resources company is underpinned by its core values of honesty, integrity, common sense and respect for people. The Company desires to remain a good corporate citizen and appropriately balance, protect and preserve all stakeholders' interests.

The Board has adopted a Code of Conduct for Directors and employees of the Company. The Company's goal of achieving above average wealth creation for our shareholders should be enhanced by complying with this code of conduct which provides principles to which Directors and employees should be familiar and to which they are expected to adhere and advocate **(3.1)**.

The Company does not currently believe it is of a size to warrant the development of formal ethical guidelines however, the company subscribes to a general Code of Conduct. All Directors, officers and any employees are required to meet the following standards of ethical behaviour:

PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING (continued)

- Act honestly, in good faith and in the best interests of the company as a whole.
- Exercise care and diligence in carrying out all duties.
- Recognise and respect the responsibility to shareholders and other stakeholders of the Company.
- Not misuse information, property or position for an improper purpose including for personal gain or to compete with the company.
- Avoid conflicts of interest and manage conflicts of interest appropriately if the arise.
- Observe the principles of independence in decision making.
- Respect the confidentiality of all confidential information acquired as a result of position and not disclose such information without authorization.
- Not engage in conduct likely to bring the company into disrepute.
- Observe the spirit and letter of the law and comply with ethical and technical requirements of the appropriate regulatory bodies.

In addition to the general Code of Conduct all Directors and employees who are members of a professional body are required to comply with their respective body's ethical standards. Any breaches of the Code of Conduct should be reported to the chair in the first instance for notification to the board. Any disciplinary action including formal warning or dismissal will be decided by the board and where necessary cases may be referred to the appropriate authorities.

It is the responsibility of the Board to ensure the Company's performance under this Code and for its regular review.

Trading in Company Securities by Directors, officers and employees

Trading of shares is covered by, amongst other things, the Corporations Act and the ASX Listing Rules. The Board has established a Securities Trading Policy that establishes strict guidelines as to when a Director, officer or an employee can deal in Company shares. The policy prohibits trading in the Company's securities whilst the Directors, officer or employee is in the possession of price sensitive information.

For details of shares held by Directors and officers please refer to the Directors' Report and Note 20 to the Financial Statements **(3.2)**.

SHAREHOLDER COMMUNICATION

The Board aims to ensure that shareholders and investors have equal access to the Company's information.

The Company has policies and procedures that are designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. This disclosure policy includes processes for the identification of matters that may have a material effect on the price of the Company's securities, notifying them to the ASX and posting them on the Company's website **(5.1)**.

The Company also has a strategy to promote effective communication with shareholders **(6.1)** and encourage effective participation at general meetings through a policy of open disclosure to shareholders, regulatory authorities and the broader community of all material information with respect to the Company's affairs including, but not limited to:

- Conflicts of interest and related party transactions;
- Executive remuneration;
- The grant of options and details of Share Option Plans;
- The process for performance evaluation of the Board, its committees, individual Directors and key managers;
- The link between remuneration paid to Directors and Executives and corporate performance; and
- Shorter, more comprehensible notices of meetings.

The following information is communicated to shareholders:

- The Annual Report and notices of meetings of shareholders;
- Monthly and Quarterly reports reviewing the operations, activities and financial position of the Company;
- All documents that are released to the ASX are made available on the Company's website; and
- All other information on the Company's website is updated on an ongoing basis.

CORPORATE GOVERNANCE STATEMENT (continued)

ASX BEST PRACTICE RECOMMENDATIONS

The table below identifies the ASX Best Practice Recommendations and whether or not the Company has complied with the recommendations during the reporting period:

		Complied	Note
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	**X**	
2.1	A majority of the Board should be independent Directors.		**1**
2.2	The Chairperson should be an independent Director.	**X**	
2.3	The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.	**X**	
2.4	The Board should establish a Nomination Committee.		**2**
2.5	Provide the information indicated in Guide to Reporting on Principle 2.	**X**	
3.1	Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key Executives as to: 3.1.1 the practices necessary to maintain confidence in the Company's integrity. 3.2.1 the responsibility of and accountability of individuals for reporting and investigating of unethical practices.	**X**	
3.2	Disclose the policy concerning trading in Company securities by Directors, officers and employees.	**X**	
3.3	Provide information indicated in Guide to reporting on Principle 3.	**X**	
4.1	Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the board that Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.	**X**	
4.2	The Board should establish an Audit Committee.		**3**
4.3	Structure the Audit Committee so that it consists of: - Only Non-Executive Directors; - A majority of independent Directors; - An independent Chairperson, who is not Chairperson of the Board; and - At least three members.		**3**
4.4	The Audit Committee should have a formal charter.		**3**
4.5	Provide the information indicated in Guide to reporting on Principle 4.	**X**	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for the compliance.	**X**	
5.2	Provide the information indicated in Guide to reporting on Principle 5.	**X**	

6.1	Design and disclose a communication strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	**X**	
6.2	Request the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditors' Report.	**X**	
7.1	The Board or appropriate Board Committee should establish policies on risk oversight and management.	**X**	
7.2	The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that: 7.2.1 the statement given in accordance with the best practice recommendation 4.1 (the integrity of financial statements) is founded on a system of risk management and internal compliance and control which implements the policies adopted by the board. 7.2.2 the Company's risk management and internal compliance and control system is operating efficiently in all material respects.	**X**	
7.3	Provide the information indicated in Guide to reporting on Principle 7.	**X**	
8.1	Disclose the process for performance evaluation of the board, its committees and individual Directors, and key Executives and corporate performance.	**X**	
9.1	Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) The costs and benefits of these policies; and (ii) The link between remuneration paid to Directors and key Executives and corporate performance.	**X**	
9.2	The Board should establish a Remuneration Committee.		**4**
9.3	Clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executives.	**X**	
9.4	Ensure that payment of equity-based Executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	**X**	
9.5	Provide the information indicated in Guide to reporting on Principle 9.	**X**	
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	**X**	

Note 1: Two out of four Directors are not considered to be independent. However, the skills, experience and knowledge of these two Directors makes their contribution to the Company and the Board such that it is appropriate for them to remain on the Board.

Note 2: The Board of Directors of the Company does not have a Nomination Committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a Nomination Committee can be adequately handled by the full Board.

Note 3: The Company does not have an Audit Committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by an Audit Committee can be adequately handled by the full Board.

Note 4: The Company does not have a Remuneration Committee. The Board is of the opinion that due to the nature and size of the Company, the functions performed by a Remuneration Committee can be adequately handled by the full Board.

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE BOARD OF DIRECTORS OF
LINDIAN RESOURCES LIMITED**

As lead audit partner for the audit of the financial report of Lindian Resources Limited for the year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 26 September 2007

J A KOMNINOS
Partner

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Revenue	2	**37,251**	135,831	**37,251**	135,831
Other income	2	**262,140**	66,994	**262,140**	66,994
Revenue		**299,391**	202,825	**299,391**	202,825
Administration expense		**(1,133,946)**	(207,143)	**(1,133,796)**	(206,963)
Depreciation expense	2	**(23,626)**	(59,908)	**(23,626)**	(59,908)
Exploration expenditure written off	2	**(269,391)**	-	**(269,391)**	-
Occupancy expense		**(9,986)**	(17,082)	**(9,986)**	(17,082)
Employee benefit expenses	2	**(693,141)**	(87,830)	**(693,141)**	(87,830)
Loss before income tax benefit		**(1,830,699)**	(169,138)	**(1,830,549)**	(168,958)
Income tax benefit	4	**-**	-	**-**	-
Loss after income tax benefit		**(1,830,699)**	(169,138)	**(1,830,549)**	(168,958)
Net loss attributable to members of parent		**(1,830,699)**	(169,138)	**(1,830,549)**	(168,958)
Basic loss per share (cents per share)	5	**(6.22)**	(0.89)		

The accompanying notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Parent	
		2007	2006	**2007**	2006
	Notes	**$**	$	**$**	$
Assets					
Current Assets					
Cash and cash equivalents	6	**3,463,272**	2,331,187	**3,463,211**	2,330,976
Trade and other receivables	7	**40,086**	4,707	**40,086**	4,707
Total Current Assets		**3,503,358**	2,335,894	**3,503,297**	2,335,683
Non-Current Assets					
Financial assets	8	**-**	-	**473**	473
Exploration and evaluation expenditure	9	**120,250**	-	**120,250**	-
Plant and equipment	10	**12,807**	90,938	**12,807**	90,938
Total Non-Current Assets		**133,057**	90,938	**133,530**	91,411
Total Assets		**3,636,415**	2,426,832	**3,636,827**	2,427,094
Liabilities					
Current Liabilities					
Trade and other payables	11	**184,193**	41,743	**184,193**	41,743
Total Current Liabilities		**184,193**	41,743	**184,193**	41,743
Total Liabilities		**184,193**	41,743	**184,193**	41,743
Net Assets		**3,452,222**	2,385,089	**3,452,634**	2,385,351
Equity					
Issued capital	12	**11,526,830**	9,651,848	**11,526,830**	9,651,848
Option premium reserve	13	**1,024,650**	1,800	**1,024,650**	1,800
Accumulated losses	14	**(9,099,258)**	(7,268,559)	**(9,098,846)**	(7,268,297)
Total Equity		**3,452,222**	2,385,089	**3,452,634**	2,385,351

The accompanying notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated		Parent	
		2007 $	**2006 $**	**2007 $**	**2006 $**
		Inflows/(Outflows)		Inflows/(Outflows)	
Cash flows from operating activities					
Receipts from customers		**37,251**	68,027	**37,251**	68,027
Payments to suppliers and employees		**(616,001)**	(332,326)	**(615,851)**	(332,146)
Interest received		**182,587**	66,994	**182,587**	66,994
Net cash from / (used in) operating activities	6	**(396,163)**	(197,305)	**(396,013)**	(197,125)
Cash flows from investing activities					
Payments for exploration and evaluation expenditure		**(149,641)**	-	**(149,641)**	-
Purchase of plant and equipment		**(13,996)**	-	**(13,996)**	-
Proceeds from sale of assets		**148,053**	-	**148,053**	-
Proceeds of loan to subsidiary		**-**	-	**-**	(312)
Net cash from / (used in) investing activities		**(15,584)**	-	**(15,584)**	(312)
Cash flows from financing activities					
Proceeds from issue of shares		**1,759,089**	1,525,000	**1,759,089**	1,525,000
Capital raising costs		**(215,257)**	(78,278)	**(215,257)**	(78,278)
Net cash provided by financing activities		**1,543,832**	1,446,722	**1,543,832**	1,446,722
Net increase/(decrease) in cash and cash equivalents		**1,132,085**	1,249,417	**1,132,235**	1,249,285
Cash and cash equivalents at the beginning of the financial year		**2,331,187**	1,081,770	**2,330,976**	1,081,691
Cash and cash equivalents at the end of the financial year	6	**3,463,272**	2,331,187	**3,463,211**	2,330,976

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

Consolidated	Note	Issued Capital $	Option Premium Reserve	Accumulated Losses $	Total $
Balance as at 1 July 2005		**8,206,926**	**-**	**(7,099,421)**	**1,107,505**
Loss for the period		-	-	(169,138)	(169,138)
Shares issued		1,444,922	-	-	1,444,922
Options issued		-	1,800	-	1,800
Balance as at 30 June 2006		**9,651,848**	**1,800**	**(7,268,559)**	**2,385,089**
Loss for the period		-	-	(1,830,699)	(1,830,699)
Shares issued		2,090,239	-	-	2,090,239
Options issued		-	1,022,850	-	1,022,850
Share issue costs		(215,257)	-	-	(215,257)
Balance as at 30 June 2007		**11,526,830**	**1,024,650**	**(9,099,258)**	**3,452,222**
Parent					
Balance as at 1 July 2005		**8,206,926**	**-**	**(7,099,339)**	**1,107,587**
Loss for the period		-	-	(168,958)	(168,958)
Shares issued		1,444,922	-	-	1,444,922
Options issued		-	1,800	-	1,800
Balance as at 30 June 2006		**9,651,848**	**1,800**	**(7,268,297)**	**2,385,351**
Loss for the period		-	-	(1,830,549)	(1,830,549)
Shares issued		2,090,239	-	-	2,090,239
Options issued		-	1,022,850	-	1,022,850
Share issue costs		(215,257)	-	-	(215,257)
Balance as at 30 June 2007		**11,526,830**	**1,024,650**	**(9,098,846)**	**3,452,634**

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards (including the Australian Accounting Interpretations) and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars. The company is a listed public company, incorporated in Australia and operating in Australia.

(b) Adoption of new and revised standards

In the year ended 30 June 2007, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Company's accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on 26 September 2007.

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

(d) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Lindian Resources Limited and its subsidiaries as at 30 June each year (the Group).

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

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Significant accounting judgments, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Exploration and evaluation expenditure

The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model.

(f) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Cash and cash equivalents

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

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet 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; or
- 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 assets 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; or
- 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 balance sheet 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 balance sheet 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 balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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.

(j) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Other taxes (continued)

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Computer hardware – 40%

Computer software and licenses – 40%

Furniture and fittings – 20%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

(l) Exploration and Evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Exploration and Evaluation (continued)

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(m) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Share-based payment transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(q) Segment Reporting

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

Segment assets include all assets used by a segment and consist principally of cash, receivables, property, plant and equipment net of accumulated depreciation and mineral interest acquisitions, exploration and development expenditure. Whilst most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Where segment revenues and expenses include transfers between segments, these are at the same rates which would apply to parties outside the Group on an arm's length basis. These transfers are eliminated on consolidation.

	Consolidated		Parent	
	2007	2006	**2007**	2006
	$	$	**$**	$
NOTE 2: REVENUES AND EXPENSES				
(a) Revenue				
Rendering of services	**37,251**	135,831	**37,251**	135,831
(b) Other income				
Interest Received	**182,587**	66,994	**182,587**	66,994
Gain on sale of assets	**79,553**	-	**79,553**	-
	262,140	66,994	**262,140**	66,994
(c) Depreciation				
Depreciation	**23,626**	59,908	**23,626**	59,908
(d) Exploration expenditure written off				
Exploration expenditure written off	**269,391**	-	**269,391**	-
(e) Employee benefits expense				
Directors salaries, fees and superannuation	**236,425**	96,030	**63,911**	96,030
Share based payments expense	**444,000**	1,800	**444,000**	1,800
Employee salaries and superannuation	**12,716**	-	**185,230**	-
	693,141	97,830	**693,141**	97,830
(f) Other share based payments				
Corporate advisory fees	**790,000**	-	**790,000**	-

NOTE 3: SEGMENT REPORTING

Segment Information

The consolidated entity operated in the information technology industry in Australia and the mineral exploration industry in the Democratic Republic of Congo during the financial year.

	Technology		Mineral Exploration		Consolidated	
Business Segment	**2007**	2006	**2007**	2006	**2007**	2006
	$	$	**$**	$	**$**	$
Revenue	**116,804**	202,825	**-**	-	**116,804**	202,825
Unallocated revenue	**-**	-	**-**	-	**182,587**	-
Total revenue	**116,804**	202,825	**-**	-	**299,391**	202,825
Share of profit / (loss)	**116,804**	(169,138)	**(1,947,503)**	-	**(1,830,699)**	(169,138)
Assets	**-**	2,426,832	**3,636,415**	-	**3,636,415**	2,426,832
Liabilities	**-**	41,743	**184,193**	-	**184,193**	41,743
Other segment information						
Depreciation	**22,438**	59,908	**1,189**	-	**23,626**	59,908

	Australia		Democratic Republic of Congo		Elimination		Consolidated	
Geographical Segments (secondary segment)	**2007** **$**	2006 $	**2007** **$**	2006 $	**2007** **$**	2006 $	**2007** **$**	2006 $
Segment revenue	**299,391**	202,825	**-**	-	**-**	-	**299,391**	202,825
Segment assets	**3,503,358**	2,426,832	**133,057**	-	**-**	-	**3,636,415**	2,426,832

NOTE 4: INCOME TAX

Income tax recognised in profit or loss

	Consolidated		Parent	
	2007	2006	**2007**	2006
	$	$	**$**	$
The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:				
Accounting loss before income tax	**(1,830,699)**	(169,138)	**(1,830,549)**	(168,958)
Income tax benefit calculated at 30%	**(549,210)**	(50,741)	**(549,165)**	(50,687)
Non-deductible expenses	**373,195**	-	**373,195**	-
Deferred tax asset not brought to account	**176,015**	50,741	**175,970**	50,687
Income tax benefit reported in the consolidated income statement	**-**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007	Consolidated		Parent	
	2007	2006	**2007**	2006
	$	$	**$**	$

NOTE 4: INCOME TAX (continued)

Income tax recognised directly in equity

The following current and deferred amounts were charged directly to equity during the period:

Current tax:				
• Share-issue expenses	**215,257**	80,078	**215,257**	80,078
	215,257	80,078	**215,257**	80,078

Deferred tax assets comprise:

Income tax losses	**2,233,761**	2,008,943	**2,233,687**	2,008,914
Temporary differences	**2,392**	(31,294)	**2,392**	(31,294)
Losses available for offset against future taxable income	**2,236,153**	1,977,649	**2,236,079**	1,977,620

The Group has tax losses arising in Australia of $7,445,870 (2006: $6,851,085) that are available for offset against future taxable profits of the companies in which the losses arose.

The potential deferred tax asset will only be obtained if:

(a) the relevant Company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised,

b) the relevant Company continues to comply with the conditions for deductibility imposed by the Law including the continuity of ownership and same business tests; and

(c) no changes in tax legislation adversely affect the relevant Company and/or consolidated entity in realising the benefit.

NOTE 5: EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	Consolidated	
	2007	2006
	Cents per share	Cents per share
Basic earnings per share	**(6.22)**	(0.89)
Diluted earnings per share	**(6.22)**	(0.89)

Basic Earnings per share

The net loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follow:	**$**	$
Net loss	**(1,830,698)**	(169,138)
	No. of shares	No. of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**29,416,266**	18,973,915

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2007	2006	**2007**	2006
	$	$	**$**	$
Cash at bank and on hand	**320,399**	2,331,187	**320,338**	2,330,976
Short term deposit	**3,142,873**	-	**3,142,873**	-
	3,463,272	2,331,187	**3,463,211**	2,330,976

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(i) Reconciliation to Cash Flow Statement:

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	**3,463,272**	2,331,187	**3,463,211**	2,330,976
	3,463,272	2,331,187	**3,463,211**	2,330,976

Reconciliation of profit for the year to net cash flows from operating activities

Loss for the year	**(1,830,699)**	(169,138)	**(1,830,549)**	(169,958)
Depreciation	**23,626**	59,908	**23,626**	59,908
Net gain on sale of assets	**(79,553)**	-	**(79,553)**	-
Exploration expenditure written off	**269,391**	-	**269,391**	-
Non-cash share option expenditure	**1,234,000**	-	**1,234,000**	-
Change in net assets and liabilities				
(Increase)/decrease in assets:				
Current receivables	**(2,821)**	24,645	**(2,821)**	25,645
Increase/(decrease) in liabilities:				
Current payables	**(10,107)**	(25,655)	**(10,107)**	(25,655)
Unearned income	**-**	(87,065)	**-**	(87,065)
Net cash from operating activities	**(396,163)**	(197,305)	**(396,013)**	(197,125)

	Consolidated		Parent	
NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES	**2007**	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Trade receivables	**40,086**	4,707	**40,086**	4,707

Trade receivables are non-interest bearing and are generally on 30 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. The amount of the allowance/impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

NOTE 8: OTHER FINANCIAL ASSETS (NON-CURRENT)

Loan to controlled entity	**-**	-	**472**	472
Investments in controlled entities	**-**	-	**1**	1
	-	-	**473**	473

NOTE 9: DEFERRED EXPLORATION & EVALUATION EXPENDITURE

(a) Expenditure carried forward in respect of mineral areas of interest

Exploration and evaluation – at cost	**120,250**	-	**120,250**	-

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mineral interests.

(b) Reconciliation:

Exploration and evaluation phases				
Carrying amounts at the beginning of the period	**-**	-	**-**	-
Additions through cash expenditure	**149,641**	-	**149,641**	-
Additions through share based payment	**240,000**	-	**240,000**	-
Exploration expenditure written off	**(269,391)**	-	**(269,391)**	-
Carrying amounts at the end of the period	**120,250**	-	**120,250**	-

Carried forward expenditure costs relate to the Company's farm-in agreement into the Tshikapa Diamond Project, located in the Tshikapa diamond field in the Democratic Republic of Congo.

NOTE 10 : PLANT AND EQUIPMENT

	Consolidated			Parent		
	Computer Hardware, Software and Licences $	Furniture and Fittings $	Total $	Computer Hardware, Software and Licences $	Furniture and Fittings $	Total $
Year ended 30 June 2007						
At 1 July 2006, net of accumulated depreciation and impairment	89,787	1,151	90,938	89,787	1,151	90,938
Additions	13,996	-	13,996	13,996	-	13,996
Depreciation charge for the year	(23,483)	(143)	(23,626)	(23,483)	(143)	(23,626)
Written down value of assets sold	(67,493)	(1,008)	(68,500)	(67,493)	(1,008)	(68,500)
At 30 June 2007, net of accumulated depreciation and impairment	12,807	-	12,807	12,807	-	12,807
At 30 June 2006						
Cost	1,291,376	5,132	1,296,508	1,291,376	5,132	1,296,508
Accumulated depreciation and impairment	(1,201,589)	(3,981)	(1,205,570)	(1,201,589)	(3,981)	(1,205,570)
Net carrying amount	89,787	1,151	90,938	89,787	1,151	90,938
At 30 June 2007						
Cost	13,996	-	13,996	13,996	-	13,996
Accumulated depreciation and impairment	(1,189)	-	(1,189)	(1,189)	-	(1,189)
Net carrying amount	12,807	-	12,807	12,807	-	12,807

The useful life of the assets was estimated as follows for both 2006 and 2007:

Computer Hardware	2.5 years
Computer Software and Licences	2.5 years
Furniture and Fittings	5 years

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 11: TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated		Parent	
	2007 $	2006 $	**2007 $**	2006 $
Trade payables	**40,776**	-	**40,776**	-
Accrued expenses	**143,417**	41,743	**143,417**	41,743
	184,193	41,743	**184,193**	41,743

NOTE 12: ISSUED CAPITAL

	Consolidated		Parent	
	2007 $	2006 $	**2007 $**	2006 $
Ordinary shares issued and fully paid	11,526,830	9,651,848	11,526,830	9,651,848

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(a) Movement in ordinary shares on issue	**Number**	**$**	**Number**	**$**
At 1 July 2005	17,025,363	8,206,926	17,025,363	8,206,926
Issue of shares on 23 March 2006	2,428,571	255,000	2,428,571	255,000
Issued on 24 March 2006 for cash on exercise of share options	50,000	10,000	50,000	10,000
Issue of shares on 18 May 2006	6,000,000	1,200,000	6,000,000	1,200,000
Issue on 22 June 2006 for cash on exercise of share options	300,000	60,000	300,000	60,000
Transaction costs on share issue	-	(80,078)	-	(80,078)
At 30 June 2006	25,803,934	9,651,848	25,803,934	9,651,848
Issue of shares pursuant to funds raised in prospectus	5,316,000	1,594,800	5,316,000	1,594,800
Issue of shares for acquisition of Tshikapa Diamond Project (i)	400,000	120,000	400,000	120,000
Issue of shares for identification of Tshikapa Diamond Project (ii)	1,250,000	375,000	1,250,000	375,000
Options converted to shares during year	1,463	439	1,463	439
Transaction costs on share issue	-	(215,257)	-	(215,257)
At 30 June 2007	32,771,397	11,526,830	32,771,397	11,526,830

(i) 400,000 shares were issued to Masters sprl as part consideration to earn an 80% interest in the Tshikapa Diamond Project.

(ii) 1,250,000 shares were issued to Corporate and Resource Consultants Pty Ltd as consideration for the identification of the Tshikapa Diamond Project in the Democratic Republic of Congo.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

(b) Share Options

Options to take up ordinary shares in the capital of the Company have been granted as follows:

Exercise Period	Note	Exercise Price	Opening Balance 1 July 2006	Options Issued 2006/07	Options Exercised/ Cancelled/ Expired 2006/07	Closing Balance 30 June 2007
			Number	Number	Number	Number
On or before 31 December 2010		$0.20	550,000	-	-	550,000
On or before 1 July 2011	(i)	$0.20	-	1,000,000	-	1,000,000
On or before 15 September 2009	(ii)	$0.30	-	3,000,000	-	3,000,000
On or before 31 December 2009	(iii) (iv)	$0.30	-	17,384,967	(1,463)	17,383,504
			550,000	21,384,967	(1,463)	21,933,504

(i) 1,000,000 options were issued to Corporate & Resource Consultants Pty Ltd as consideration for the identification of the Tshikapa Diamond Project in the Democratic Republic of Congo.

(ii) 3,000,000 options were issued to Messrs Gillard, Smith and Flint as an incentive for them to provide ongoing services to the Company.

(iii) 1,000,000 options were issued to Capital Investments Partners Pty Ltd for corporate advisory services.

(iv) 16,383,504 options were issued at a price of $0.01 each on the basis of one option for every two shares held at the record date per the prospectus.

(c) Terms and conditions of ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

NOTE 13: Option Premium Reserve	Consolidated		Parent	
	2007	2006	**2007**	2006
	$	$	**$**	$
Balance at beginning of period	**1,800**	-	**1,800**	-
Fair value of options issued	**1,022,850**	1,800	**1,022,850**	1,800
Balance at end of period	**1,024,650**	1,800	**1,024,650**	1,800

The option premium reserve is used to accumulate proceeds received from the issuing of options and accumulate the value of options issued in consideration for services rendered.

NOTE 14: Accumulated Losses

Balance at beginning of period	**7,268,559**	7,099,421	**7,268,297**	7,099,339
Net losses attributable to members	**1,830,699**	169,138	**1,830,549**	168,958
Balance at end of period	**9,099,258**	7,268,559	**9,098,846**	7,268,297

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 15: FINANCIAL INSTRUMENTS

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

The fair values of loan notes and other financial assets have been calculated using market interest rates.

	Carrying Amount		Fair Value	
	2007	2006	**2007**	2006
	$	$	**$**	$
Consolidated				
Financial assets				
Cash	3,463,272	2,331,187	3,463,272	2,331,187
Trade receivables	40,086	4,707	40,086	4,707
	3,503,358	2,335,894	3,503,358	2,335,894
Financial liabilities				
On balance sheet				
Trade payables and accruals	64,193	41,743	64,193	41,743
	64,193	41,743	64,193	41,743

Interest rate risk

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

Year ended 30 June 2007	*<1year*	*Total*	*Weighted average effective Interest rate*
	$	*$*	*%*
Consolidated			
Floating rate			
Cash Assets	3,463,272	3,463,272	5.76%
Weighted average effective interest rate	5.76%	-	
Year ended 30 June 2006			
Consolidated			
Financial Assets			
Floating rate			
Cash Assets	2,331,187	2,331,187	5.42%
Weighted average effective interest rate	5.42%		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 16: COMMITMENTS AND CONTINGENCIES

(a) Exploration expenditure commitments

For those mineral concessions where the consolidated entity is not the titleholder, the earning of equity interest is by incurring exploration expenditure of specified amounts by certain dates. Where the consolidated entity or its joint venture partners are the concession holder, renewal will be subject to satisfying the relevant authority as to the adequacy of exploration programs by comparison to work programs submitted at the time of grant of the concession. It is estimated that the consolidated entity is required to make the following outlays to satisfy joint venture and exploration permit conditions. These commitments are subject to variation dependent upon matters such as the results of exploration on the mineral concessions.

	Consolidated		Parent	
	2007 **$**	2006 $	**2007** **$**	2006 $
Within one year	824,694	-	824,694	-
One year or later and not later than five years	1,164,782	-	1,164,782	-
Later than five years	-	-	-	-
	1,989,476	-	1,989,476	-

(b) Contingent Liabilities

Future revenue derived by the Company from the production of precious stones will be subject to a 4% royalty payable to the Government of the Democratic Republic of Congo.

NOTE 17: RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Lindian Resources Limited and the subsidiary listed in the following table.

Name	*Country of Incorporation*	*% Equity Interest 2007*	*% Equity Interest 2006*	*Investment ($) 2007*	*Investment ($) 2006*
Virtualplus Australia Pty Ltd	Australia	100	100	1	1

Lindian Resources Limited is the ultimate parent entity of the Group.

NOTE 18: EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the Company in subsequent financial years.

NOTE 19: AUDITORS' REMUNERATION

The auditor of Lindian Resources Limited is RSM Bird Cameron Partners.

	Consolidated		Parent	
	2007 **$**	2006 $	**2007** **$**	2006 $
Amounts received or due and receivable by RSM Bird Cameron Partners for:				
An audit or review of the financial report of the entity and any other entity in the consolidated group	15,000	13,500	15,000	13,500
Other services	14,640	500	14,640	500
	29,640	14,000	29,640	14,000

NOTE 20: KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Directors

Reginald N Gillard	Chairman (non-executive) – appointed 30 October 2006
Gregory Smith	Executive director – appointed 30 October 2006
Patrick Flint	Non-executive director – appointed 30 October 2006
Gavin Argyle	Non-executive director
Geoff Gander	Executive director – resigned 30 October 2006
Robert Franco	Non-executive director – resigned 30 October 2006

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

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as permitted by Schedule 5B to the Corporations Regulations 2001 is provided in the Remuneration Report section of the Directors' report. Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Loans to key management personnel and their related parties

There were no loans outstanding at the reporting date to key management personnel and their related parties.

NOTE 20: KEY MANAGEMENT PERSONNEL (continued)

iii)Compensation by category: Key Management Personnel

	Consolidated		Parent	
	2007 $	2006 $	**2007 $**	2006 $
Short-Term	**244,260**	140,868	**244,260**	140,868
Post Employment	**12,180**	-	**12,180**	-
Share-based Payments	**444,000**	1,800	**444,000**	1,800
	700,440	142,668	**700,440**	142,668

(c) Compensation options: Granted and vested during the year (Consolidated)

During the financial year options were granted as equity compensation benefits to certain key management personnel. All options vested at grant date. The options were issued free of charge. Each option entitles the holder to subscribe for one fully paid share in the entity at an exercise price of 20 cents. The contractual life of each option granted is five years.

	Vested	**Granted**	**Terms and Conditions for each Grant**				
30 June 2007	*No.*	*No.*	*Grant Date*	*Fair Value per option at grant date ($)*	*Exercise price per option($)*	*First Exercise Date*	*Last Exercise Date*
Directors							
R N GIllard	1,000,000	1,000,000	27-10-06	0.148	0.30	27-10-06	15-09-09
G L Smith	1,000,000	1,000,000	27-10-06	0.148	0.30	27-10-06	15-09-09
P J Flint	1,000,000	1,000,000	27-10-06	0.148	0.30	27-10-06	15-09-09
Total	3,000,000	3,000,000					
30 June 2006							
Directors							
G J Argyle	330,000	330,000	17-11-05	0.002	0.20	17-11-05	31-12-10
G A Gander	300,000	300,000	17-11-05	0.002	0.20	17-11-05	31-12-10
Executives							
A L Meloncelli	50,000	50,000	17-11-05	0.002	0.20	17-11-05	31-12-10
Total	680,000	680,000					

NOTE 20: KEY MANAGEMENT PERSONNEL (continued)

(d) Shares issued on Exercise of Compensation Options (Consolidated)

30 June 2007
No shares were issued during the year on exercise of compensation options.

30 June 2006	*Shares issued* *No.*	*Paid per share* *$*	*Unpaid per share* *$*
Directors			
G A Gander	300,000	0.20	-
Executives			
A L Meloncelli	50,000	0.20	-
Total	350,000		

(e) Option holdings of Key Management Personnel (Consolidated)

30 June 2007	Balance at beginning of period	Granted as remune-ration	Options exercised	Net change Other (i-iv)	Balance at end of period	Vested as at 30 June 2007 Total	Exercisable	Not Exercisable
Directors								
R N Gillard (i)	-	1,000,000	-	676,103	1,676,103	1,676,103	1,676,103	-
G L Smith (ii)	-	1,000,000	-	366,976	1,366,976	1,366,976	1,366,976	-
P J Flint (i)	-	1,000,000	-	493,603	1,493,603	1,493,603	1,493,603	-
G J Argyle (iii)	330,000	-	-	255,000	585,000	585,000	585,000	-
G A Gander (iv)	-	-	-	-	-	-	-	-
R M Franco (iv)	-	-	-	-	-	-	-	-
	330,000	3,000,000	-	1,791,682	5,121,682	5,121,682	5,121,682	-

(i) Mr Gillard and Mr Flint each received 270,833 options due to their interest in Corporate & Resource Consultants Pty Ltd, an entity that received 1,000,000 unlisted options for the identification of the Tshikapa Diamond project. The balance of the options issued was due to their participation in the non-renounceable entitlements issue of one option for every two shares held.

(ii) Mr Smith participated in the non-renounceable entitlements issue of one option for every two shares held.

(iii) Mr Argyle received 255,000 options due to his interest in Capital investment Partners Pty Ltd, an entity that provided corporate advisory services during the year.

(iv) Mr Franco and Mr Gander resigned as directors during the year

NOTE 20: KEY MANAGEMENT PERSONNEL (continued)

						Vested as at 30 June 2006		
30 June 2006	Balance at beginning of period	Granted as remune-ration	Options exercised	Net change Other (i)	Balance at end of period	Total	Exercisable	Not Exercisable
Directors								
G J Argyle	-	330,000	-	-	330,000	330,000	330,000	-
G A Gander	-	300,000	(300,000)	-	-	-	-	-
Executives								
M L Meloncelli	-	50,000	(50,000)	-	-	-	-	-
	-	680,000	(350,000)	-	330,000	330,000	330,000	-

(f) Number of shares held by Key Management Personnel

30 June 2007	Balance 01 July 06 Ord	Granted as remuneration Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30 June 07 Ord
Directors					
R N Gillard (i)	-	-	-	810,541	810,541
G L Smith (ii)	-	-	-	733,952	733,952
P J Flint (i)	-	-	-	517,541	517,541
G J Argyle	-	-	-	-	-
G A Gander (iii)	300,000	-	-	-	300,000
R M Franco (iii)	1,815,473	-	-	-	1,815,473
	2,115,473	-	-	2,062,034	4,177,507

(i) Mr Gillard and Mr Flint each received 338,541 shares due to their interest in Corporate & Resource Consultants Pty Ltd, an entity that received 1,250,000 shares for the identification of the Tshikapa Diamond project. The balance was held by Mr Gillard and Mr Flint directly or through director-related entities prior to their appointment as directors.

(ii) Mr Smith held shares directly or through director-related entities prior to his appointment as a director.

(iii) Mr Franco and Mr Gander resigned as directors during the year. The amounts shown as held at 30 June 2007 are the number of shares held as of their resignation date.

NOTE 20: KEY MANAGEMENT PERSONNEL (continued)

	Balance 01 July 05	Granted as remuneration	On Exercise of Options	Net Change Other	Balance 30 June 06
30 June 2006	Ord	Ord	Ord	Ord	Ord
Directors					
G J Argyle	-	-	-	-	-
G A Gander	250,000	-	300,000	(250,000)	300,000
R M Franco	1,565,473	-	-	250,000	1,815,473
Executives					
A Meloncelli	-	-	50,000	(50,000)	-
S A Mison	-	-	-	-	-
	1,815,473	-	350,000	(50,000)	2,115,473

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Other transactions and balances with Key Management Personnel

Corporate Consultants Pty Ltd ("CCPL") provide accounting, administrative and company secretarial services on commercial terms. Total amounts paid to CCPL were $30,430 during the reporting period. Mr Gillard and Mr Flint are directors of and have a beneficial interest in CCPL.

Ledgar Road Partnership charges rent at commercial rates, totalling $3,960 for the period. Mr Gillard has a beneficial interest in the Ledgar Road Partnership.

Corporate & Resource Consultants Pty Ltd ("CRCPL") received 1,250,000 shares at 30 cents and 1,000,000 options exercisable at 20 cents each on or before 1 July 2011 (valued at 20.7 cents (total $582,000)) during the financial year in consideration for identifying the Tshikapa Diamond Project. The options were valued based on the Black & Scholes pricing model (refer Note 21). Mr Gillard and Mr Flint are directors of and have a beneficial interest in CRCPL.

During the year the Company issued 5,316,000 shares at 30 cents to raise $1,594,800 pursuant the prospectus dated 13 September 2006. Capital Investment Partners Pty Ltd ("CIP") acted as corporate advisor and received 6% of the gross amount raised ($95,688). The Company also issued 1,000,000 options to CIP for additional corporate advisory services performed during the year. The options were valued at $208,000 based on the Black & Scholes pricing model (refer Note 21). CIP provided accounting, administrative and company secretarial services on commercials terms during the year. Total amounts paid to CIP were $25,000. Mr Gavin Argyle is a director of CIP.

All transactions above were completed at arms length.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

NOTE 21: SHARE BASED PAYMENTS

The Company makes share based payments to consultants and / or service providers from time to time, not under any specific plan. The Company also may issue options to directors of the parent entity. Specific shareholder approval is obtained for any share based payments to directors of the parent entity.

The expense recognised in the income statement in relation to share-based payments is disclosed in Note 2.

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	Weighted average price 2007	Number of options 2007	Weighted average price 2006	Number of options 2006
Balance at beginning of period	$0.20	550,000	-	-
Granted during the year	$0.28	5,000,000	$0.20	900,000
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	$0.20	(350,000)
Balance at the end of the year		5,550,000		550,000

The outstanding balance as at 30 June 2007 is shown in Note 12(b).

The fair value of the equity-settled share options is estimated as at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted. The fair value of shares issued is calculated by reference to the market value of the shares trading on the Australian Stock Exchange on or around the date of grant.

The following table lists the inputs to the model used for the years ended 30 June 2007and 30 June 2006:

	2007	2006
Volatility (%) – range	70%	50%
Risk-free interest rate (%) - range	5.5%	5.28%
Expected life of option (years)	3 to 5 years	5 years
Exercise price (cents)	20- 30	20
Weighted average share price at grant date (cents)	32	2

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

Other share based payments, not under any plans are as follows (with additional information provided in Note 18 above):

- 400,000 Ordinary Shares were issued to Masters sprl at a deemed issue price of 30 cents each as part consideration to earn an 80% interest in the Tshikapa Diamond Project (refer to Note 9).
- 1,250,000 shares were issued to Corporate and Resource Consultants Pty Ltd at a deemed issue price of 30 cents each as consideration for the identification of the Tshikapa Diamond Project in the Democratic Republic of Congo.

DIRECTORS' DECLARATION

1. In the opinion of the directors:
   a. the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001 including:
      i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year then ended; and
      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and
   b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. 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 year ended 30 June 2007.

This declaration is signed in accordance with a resolution of the Board of Directors.

R N Gillard
Chairman

Dated this 26th day of September 2007

RSM! Bird Cameron Partners

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINDIAN RESOURCES LIMITED

We have audited the accompanying financial report of Lindian Resources Limited ("the company"), which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001,* the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "remuneration report" in pages 8 to 10 of the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

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 judgement, 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 control relevant to the company'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 company's internal control. 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 and the remuneration disclosures contained in the directors' report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion on the Financial Report

In our opinion:

(a) the financial report of Lindian Resources Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

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

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

Auditor's Opinion on the AASB 124 remuneration Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in pages 8 to 10 of the directors' report comply with Accounting Standard AASB 124.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 26 September 2007

J A KOMNINOS
Partner

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

SHAREHOLDINGS (as at 21 September 2007)

(a) Distribution of equity securities

(i) Ordinary Share Capital

- 32,772,897 fully paid ordinary shares are held by 1,465 individual shareholders.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) Listed Options

- 17,382,004 listed options are held by 436 individual option holders.

(iii) Unlisted Options

- 550,000 options exercisable at 20 cents each and expiring on 31 December 2010 are held by 6 individual option holders.
- 1,000,000 options exercisable at 20 cents each and expiring on 1 July 2011 are held by 1 individual option holder.
- 3,000,000 options exercisable at 30 cents each and expiring on 15 September 2009 are held by 3 individual option holders.

Options do not carry a right to vote.

The number of shareholders, by size of holding, in each class are:

	Fully paid ordinary shares	Listed Options	Unlisted Options Exercisable at 20 cents Expiring on 31 Dec 2010	Unlisted Options Exercisable at 20 cents Expiring on 1 July 2011	Unlisted Options Exercisable at 30 cents Expiring on 15 Sept 2009
1 - 1,000	505	90	-	-	-
1,001 – 5,000	538	186	-	-	-
5,001 – 10,000	176	33	-	-	-
10,001 – 100,000	208	100	5	-	
100,001 and over	38	27	1	1	3
	1,465	436	6	1	3
Holding less than a marketable parcel	679				-

(b) Substantial shareholders

	Fully Paid	
Ordinary Shareholder	**Number**	**Percentage**
ANZ Nominees Limited	10,707,808	32.67
Mr Franco and RM Franco and LM Franco / Mario Franco Superannuation Fund	1,815,473	5.54
	12,523,281	38.21

ASX ADDITIONAL INFORMATION (Continued)

(c) Twenty largest holders of quoted equity securities

	Fully Paid	
Ordinary Shareholder	**Number**	**Percentage**
ANZ NOMINEES LIMITED <CASH INCOME A/C>	10,707,808	32.67
MR MICHAEL ROBERT FRANCO + MR ROBERT MARIO FRANCO + MISS LAURA MICHELLE FRANCO	1,500,000	4.58
CORPORATE & RESOURCE CONSULTANTS PTY LTD	1,250,000	3.81
EAGLE RIVER HOLDINGS PTY LTD	650,000	1.98
CRESTLINE INVESTMENTS PTY LTD	600,952	1.83
NEFCO NOMINEES PTY LTD	600,000	1.83
MANIKATO FINANCIAL SERVICES PTY LTD	581,640	1.77
DR TODD ANDREW SILBERT	500,000	1.53
NATIONAL NOMINEES PTY LTD	433,000	1.32
MR DAVID ARGYLE	417,411	1.27
MR JOHN FRANCIS CORR	400,000	1.22
SHAH NOMINEES PTY LTD	400,000	1.22
MASTERS SPRL	400,000	1.22
MR STUART WINSTON BELL	343,038	1.05
MR MARIO GIOSUE FRANCO + MRS IMMACOLATA FRANCO <THE MARIO FRANCO S/F A/C>	315,473	0.96
MR MARCEL ANTHONY REUBEN	300,000	0.92
ECONOMIST HOLDINGS PTY LTD	279,000	0.85
NEWMEK INVESTMENTS PTY LIMITED	237,000	0.72
DR GEORG SCHNURA	220,000	0.67
CORPORATE SYSTEMS PUBLISHING PTY LTD	200,000	0.61
	20,335,322	**62.03**

ASX ADDITIONAL INFORMATION (Continued)

(d) Twenty largest holders of quoted listed options

Ordinary Shareholder	Listed options exercisable at $0.30 expiring on 31 December 2009 Number	Percentage
ANZ NOMINEES LIMITED <CASH INCOME A/C>	5,202,782	29.93
MR MICHAEL ROBERT FRANCO + MR ROBERT MARIO FRANCO + MISS LAURA MICHELLE FRANCO	750,000	4.31
CORPORATE & RESOURCE CONSULTANTS PTY LTD	625,000	3.60
MR NATHAN VADALA	607,855	3.50
CLODENE PTY LTD	596,334	3.43
MR DAVID ARGYLE	542,428	3.12
BAYONET INVESTMENTS PTY LTD	412,500	2.37
MR MICHAEL JOSEPH DE MARTE	330,250	1.90
CRESTLINE INVESTMENTS PTY LTD	300,476	1.73
NEFCO NOMINEES PTY LTD	300,000	1.73
MANIKATO FINANCIAL SERVICES PTY LTD	290,820	1.67
MR GAVIN JOHN ARGYLE	255,000	1.47
DR GEORG SCHNURA	220,000	1.27
MR MICHAEL JOHN FENNELL	213,000	1.23
CUNNINGHAM SECURITIES PTY LTD	201,000	1.16
MASTERS SPRL	200,000	1.15
MR THOMAS FRANCIS CORR	186,125	1.07
MR JOHN FRANCIS CORR	178,500	1.03
MR DAVID LEONE	173,500	1.00
MR MARIO GIOSUE FRANCO + MRS IMMACOLATA FRANCO <THE MARIO FRANCO S/F A/C>	157,737	0.91
	11,743,307	**67.58**

(e) TENEMENT DIRECTORY

Mineral tenements held at 21 September 2007 are as follows:

Project	Tenement Reference	Company Interest %	Comment
Tshikapa Diamond Project	PR 4431, 4432, 4433 and 4611	Nil	) Refer Note 1

Notes:

1. The Company is earning an 80% interest in the tenements by (i) funding exploration expenditure for a period of three years with a minimum expenditure of US$700,000 per annum; and (ii) issuing the tenement holder (Masters sprl) 400,000 shares in October 2008.