LINDIAN resources LTD

(ABN 53 090 772 222)

Financial Report
For the year ended 30 June 2008

Directors	Reginald N Gillard Gregory L Smith Patrick J Flint Gavin J Argyle	Non-Executive Chairman Managing Director Non-Executive Director Non-Executive Director
Company Secretary	Paul Jurman	
Registered and Administrative Office	Ground Floor 30 Ledgar Road Balcatta WA 6021	
	Telephone: Facsimile:	(61 8) 9345 2478 (61 8) 9240 2406
Principal Place of Business	Ground Floor 30 Ledgar Road Balcatta Western Australia 6021	
Share Registry	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	
Stock Exchange Listings	Australian Securities Exchange	(Code – LIN & LINO)

	Page Numbers

Exploration

During the year the Company acquired majority interests in the Bafwasende Gold / Diamond Project in the Democratic Republic of Congo ("DRC") and the Dinguiraye Iron, PGE and Base Metal Project in Guinea. The Company also entered into discussions to acquire a majority interest in applications for the Coastal Iron Project in Guinea. To the Company's knowledge, due to political issues, no exploration licences were granted in Guinea during the 2007/08 year. As a result of these political issues in Guinea, the Company is considering additional project opportunities, including projects prospective for coal and bauxite in Asia and Africa.

Bafwasende Gold / Diamond Project

In October 2007 Lindian Resources Ltd acquired an 80% interest in the Bafwasende Gold / Diamond Project. The project consists of 44 exploration licences covering approximately 7,000 square kilometres located 220kms north east of Kisangani (the provincial capital) in Province Orientale in the north east of the DRC (Figure 1).

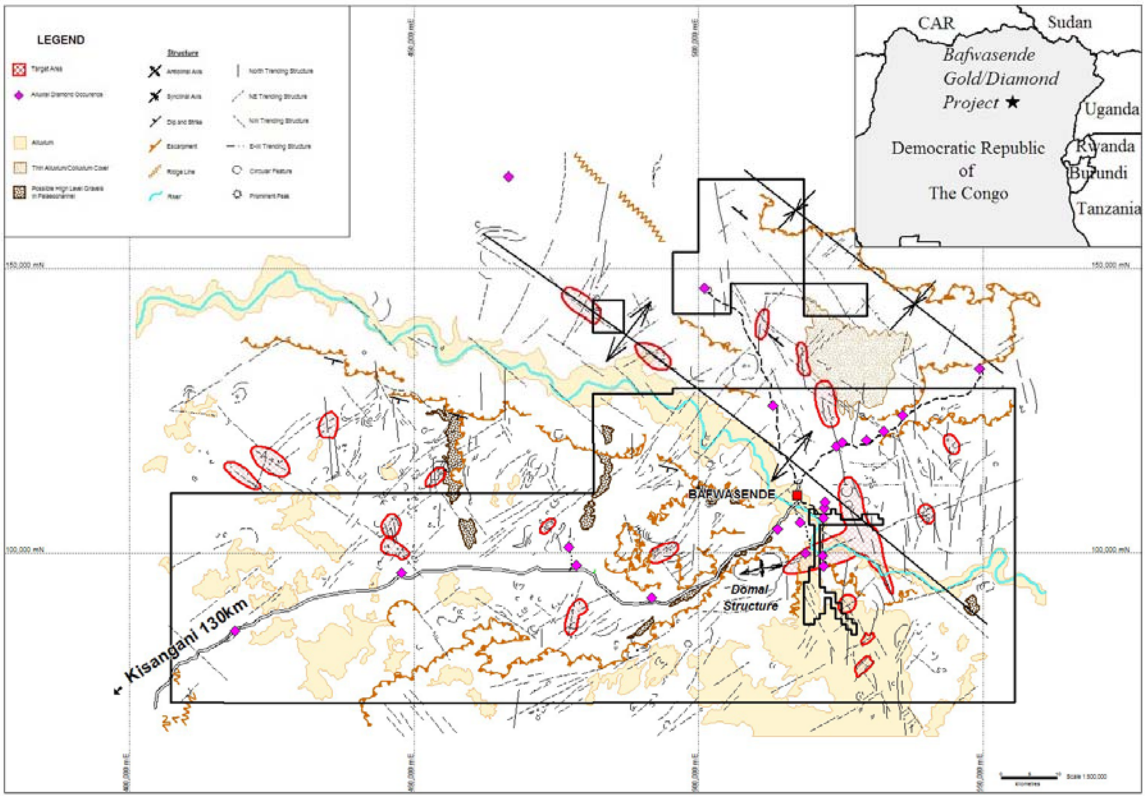
Figure 1 – Location Map – Bafwasende and Dinguiraye Projects

Geological Setting and Historic Activities

The Bafwasende Gold / Diamond Project is underlain by the Neo Proterozoic sedimentary rocks of the Lindian Group ranging from mudstone to conglomerates with inter-bedded carbonate.

A landsat interpretation has identified 3 main structural directions; WNW, ENE and N-S. The intersections of these major crustal-scale linears, interpreted as major zones of crustal weakness, represent prime exploration targets (Figure 2).

Figure 2 – Bafwasende Gold / Diamond Project – Landsat Interpretation



While there are numerous areas of known artisanal alluvial diamond / gold exploitation within the project area, there is no evidence of any systematic exploration activity. The project area is untested by modern exploration techniques.

Diamond Potential Joint Venture

In April 2008 the Company entered into a joint venture whereby BRC DiamondCore Ltd (BRC) has the right to earn a 65% interest in the diamond potential of the project.

The Company is coordinating its initial exploration activities for gold with BRC's work for diamonds in order to ensure such work is carried out in the most efficient manner possible.

Dinguiraye Iron and PGE / Base Metal Project

In May 2008 Lindian was granted a Reconnaissance Licence on the Dinguiraye Project which covers 460 square kilometres in the central part of Guinea.

The project has potential to host iron, PGE's and base metals. During a reconnaissance visit extensive areas of ferruginous laterites were noted. These laterites consist predominantly of cemented hematitic clasts and lesser amounts of magnetic and non-magnetic iron pisolites (channel/detritial style mineralisation) interpreted to cover approximately 30-40% of the project area. Eight grab samples of the lateritic material returned between **30.98% and 42.94% Fe.**

The samples also returned some highly anomalous PGE and base metals including: 3 samples with **Pt** results exceeding 100ppb up to a maximum of **292ppb (repeat 331ppb, 0.33 g/t Pt),** 3 samples with **Ni** results exceeding 200ppm up to **293ppm** and **Cu** up to a maximum of **142ppm.** High levels of **Cr** ranging from **3563ppm to 6715ppm** are present in most samples.

A landsat interpretation has identifed the main mafic unit, which is the potential host for the magmatic sulphides. The mafics lie within an interpreted graben on the southern edge of a continental scale ENE trending lineament (Figure 3). This interpretation has also unravelled the erosional history of the laterites identifying areas with the highest exploration potential for iron.

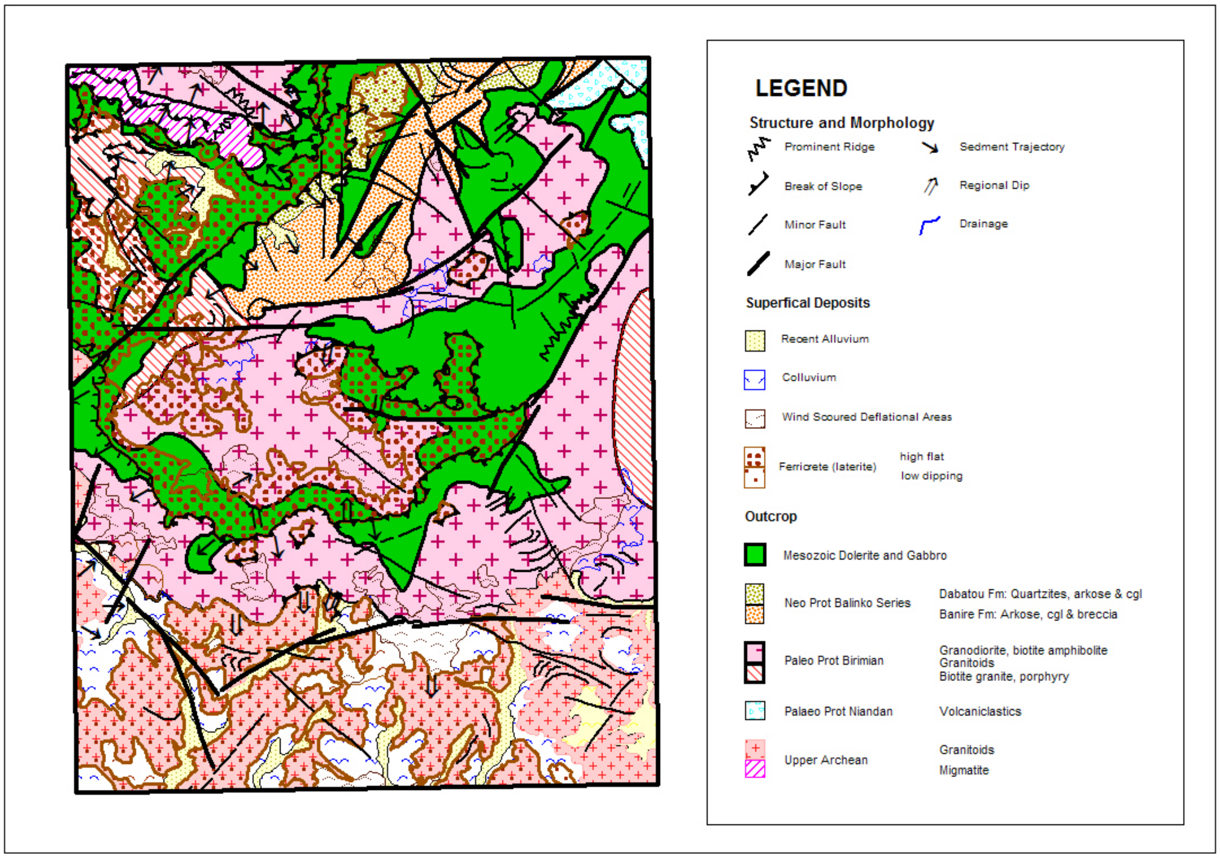


Figure 3 – Dinguiraye Project – Landsat Interpretation

Exploration is presently focused on soil geochemistry to identify potential magmatic sulphide mineralisation and the pitting and sampling of the laterites to gain a better understanding of their iron potential.

Other Activities

The Company entered into discussions during the year to acquire a majority interest in applications for the Coastal Iron Project in Guinea. The project consists of three licence applications covering approximately 2,500 km^2 that contain zones of lateritic (channel and detrital) iron mineralisation. The Company completed a reconnaissance visit to the project during the year. The granting of the licence applications has been delayed by political issues in Guinea. To the Company's knowledge no exploration licences were granted in Guinea during the 2007/08 year.

The Company has also made an application for a bauxite project in Africa and is currently assesssing other bauxite and coal project opportunities in Asia and Africa.

Your Directors present their report together with the financial report of Lindian Resources Limited ("the Company") and its controlled entities (the "consolidated entity") for the year ended 30 June 2008 and the auditor's report thereon. In order to comply with the provisions of the Corporations Act, the Directors report as follows:

DIRECTORS

The names and details of the Directors in office during or since the end of the financial year are as follows. Directors were in office for the entire year unless otherwise stated.

Names, qualifications, experience and special responsibilities

Reginald N Gillard BA FCPA FAICD JP - Non-Executive Chairman
(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, Eneabba Gas Limited (from 2 August 2005), Tiger Resources Limited (from 9 December 2005) and he also served as non-executive chairman of Moto Goldmines Limited (ceased 17 August 2005), Lafayette Mining Limited (resigned 20 June 2008), Pioneer Nickel Limited (resigned 13 June 2008) and Elemental Minerals Limited (resigned 30 June 2008).

Gregory L Smith – BSc, AUSIMM (Managing Director)
(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)
(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 Tiger Resources Limited (from 9 January 2007) and a non-executive director of Erongo Energy Limited (from 23 November 2006) 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 J Argyle – B.Com, MBA (Non–Executive Director)
(Appointed 23 March 2005)

Mr Gavin Argyle has over 15 years experience in investment banking and stock broking in Australia. Prior to investment banking, Gavin was a Senior Staff member at Western Mining Corporation Limited. Gavin has served on the board of numerous Australian and US listed and private companies in executive and non-executive positions. He is currently a Managing 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 was also a director of Biron Apparel Limited (resigned 22 October 2007).

DIRECTORS – continued
Names, qualifications, experience and special responsibilities - continued

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.

PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity is to the exploration and evaluation of mineral interests.

RESULTS AND DIVIDENDS

The consolidated loss for the year after income tax was $696,472 (2007: $1,830,699). No dividends were paid during the year and the Directors do not recommend payment of a dividend.

EARNINGS PER SHARE

Basic loss per share for the year was 2.10 cents (2007: 6.22 cents).

REVIEW OF OPERATIONS

A review of operations of the consolidated entity during the year ended 30 June 2008 is provided in the section headed "Review of Operations" immediately preceding this Directors' Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

On 7 February 2008, the Company issued 5,000,000 shares to Corporate & Resource Consultants Pty Ltd (a director-related entity) and 500,000 options to Mr John Hamilton, as consideration for the acquisition of 80% of the issued capital of Coexco Sprl, pursuant to the terms and conditions of the Bafwasende Acquisition Agreement. Coexco Sprl owns the rights to the Bafwasende Gold / Diamond Project.

On 28 April 2008, the Company entered into a joint venture with BRC DiamondCore Ltd (BRC) on its Bafwasende Gold and Diamond project. The joint venture gives BRC the right to earn a 65% interest in the diamond potential of the project.

On 15 May 2008, the Company announced it had been granted a Reconnaissance Licence ("RGA") for the Dinguiraye iron and PGE / base metal project in Guinea, West Africa.

EVENTS SUBSEQUENT TO 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

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 and Asia.

DIRECTORS' MEETINGS

The number of meetings of the Directors and the number of meetings attended by each Director during the year ended 30 June 2008 were:

	Directors' meetings held during period of office	Directors' meetings attended
R N Gillard	4	4
G L Smith	4	3
P J Flint	4	4
G J Argyle	4	4

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' 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

Options granted to directors' and officers and analysis of share-based payments granted as remuneration

The Company has not granted any options over unissued ordinary shares during or since the end of the financial year to any Directors or officers as part of their remuneration.

During or since the end of the financial year, no options over unissued ordinary shares in the Company were forfeited or exercised by Directors or officers of the Company.

SHARE OPTIONS

As at the date of this report, there are 22,926,879 options over unissued ordinary shares in the Company outstanding, summarised as follows:

	Number	Exercise Price $	Expiry Date
Listed Options:	17,381,879	$0.30	31 December 2009
Unlisted Options:	495,000	$0.20	31 December 2010
Unlisted Options:	1,000,000	$0.20	1 July 2011
Unlisted Options:	3,000,000	$0.30	15 September 2009
Unlisted Options:	200,000	$0.30	30 September 2010
Unlisted Options:	350,000	$0.35	30 September 2010
Unlisted Options:	500,000	$0.30	31 December 2011

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:

- 550,000 unlisted options were issued to employees of the Company.
- 500,000 unlisted options were issued to Mr John Hamilton as part-consideration for the purchase of 80% of the issued capital of Coexco Sprl, an entity which owns the rights to the Bafwasende Diamond Project in the Democratic Republic of Congo.

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

Shares issued on exercise of options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there was no amount unpaid on the shares issued):

Number of shares	Amount paid on each share $
55,000	0.20
1,625	0.30
56,625	

For details on the valuation of the options issued during the year, including models and assumptions used, please refer to Note 17. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

REMUNERATION REPORT (Audited)

This report outlays the remuneration arrangements in place for the Directors and executives (as defined under section 300A of the Corporations Act 2001) of Lindian Resources Limited.

It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 "Related Party Disclosures", which have been transferred to the Remuneration Report in accordance with Corporations Regulations and have been audited.

The following were Directors and executives of the Company during or since the end of the financial year.

Non Executive Directors
Mr Reginald Gillard
Mr Patrick Flint
Mr Gavin Argyle

Managing Director
Mr Gregory Smith

Other Senior Management
The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted the named persons held their current position for the whole of the financial year and since the end of the financial year:

Paul Jurman – Company Secretary.

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 2008

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

Remuneration structure

In accordance with best practice corporate governance, the structure of remuneration for non-executive Directors and executive Directors is separate and distinct.

Non-executive Directors' remuneration

Objective

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

Structure

The ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by the shareholders in general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at a general meeting on 21 November 2003 when shareholders approved an aggregate remuneration of $150,000 per year.

Each director receives a fee for being a director of the company.
The remuneration of the non-executive Directors for the year ending 30 June 2008 is detailed in Table 1 of this report.

REMUNERATION REPORT - continued

Executive Directors' remuneration

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

Options issued to Directors and executives

30 June 2008	Granted No.	Granted as remuneration $	Remuneration represented by options %	Options Exercised $	Options Lapsed $
R N Gillard (i)	-	-	-	-	-
G L Smith (i)	-	-	-	-	-
P J Flint (i)	-	-	-	-	-
G J Argyle	-	-	-	-	-
P Jurman	350,000	58,100	73.0%	-	-
Total	350,000	58,100	-	-	-

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

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) 30 November 2007	30 September 2010	16.6 cents	35 cents	34 cents	70%	6.75%	-
(ii) 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 17. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

REMUNERATION REPORT - continued

Table 1 – Director's and executive remuneration for the year ended 30 June 2008

	Short-term		Post Employment	Share Based Payment	Total	Remuneration represented by options
	Salary & Fees	Other	Super	Options		
30 June 2008	**$**	**$**	**$**	**$**	**$**	**%**
Directors						
R N Gillard	40,000	2,220	3,600	-	45,820	-
G L Smith	100,000	2,220	9,000	-	111,220	-
P J Flint	45,000	2,220	4,050	-	51,270	-
G J Argyle	31,108	2,220	-	-	33,328	-
P Jurman	20,000	-	1,800	58,100	79,900	73%
	236,108	8,880	18,450	58,100	321,538	

	Short-term		Post Employment	Share Based Payment	Total	Remuneration represented by options
	Salary & Fees	Other	Super	Options		
30 June 2007	**$**	**$**	**$**	**$**	**$**	**%**
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	-
P Jurman	11,667	-	1,050	-	12,717	-
	235,912	20,015	13,230	444,000	713,157	

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

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 $8,880 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.

ENVIRONMENTAL REGULATIONS

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 22 and forms part of this directors' report for the year ended 30 June 2008.

Signed in accordance with a resolution of Directors.

G Smith
Managing Director

Perth, 30 September 2008

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

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 is 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 the Managing 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.

CORPORATE GOVERNANCE STATEMENT (continued)

Share Ownership

Directors are encouraged to own Company shares.

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.

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.

The Managing Director and the Company Secretary have declared in writing to the Board that the Company's financial statements for the year ended 30 June 2008 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 the Managing 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.

CORPORATE GOVERNANCE STATEMENT (continued)

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.

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 the Managing 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. **(4.1) (7.2)**.

CORPORATE GOVERNANCE STATEMENT (continued)

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:

- 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.

CORPORATE GOVERNANCE STATEMENT (continued)

PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING (continued)

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 22 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:

- Notices of meetings of shareholders;
- 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**	

CORPORATE GOVERNANCE STATEMENT (continued)
ASX BEST PRACTICE RECOMMENDATIONS

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.		**5**
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.

Note 5: The issue of options to non-executive directors is considered an appropriate method of providing sufficient incentive and reward whilst maintaining cash reserves.

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AUDITOR INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Lindian Resources Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in 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

D J Wall.

D J WALL
Partner

Perth, WA
Dated: 30 September 2008

Lindian Resources Limited
Income Statements
For the Year ended 30 June 2008

	Notes	Consolidated **2008** **$**	Consolidated 2007 $	Company **2008** **$**	Company 2007 $
Revenue					
Finance revenue	2	**183,889**	182,587	**183,889**	182,587
Other revenue	2	**-**	116,804	**-**	116,804
Total revenue		**183,889**	299,391	**183,889**	299,391
Expenses					
Administration expense		**(366,615)**	(1,133,946)	**(355,409)**	(1,133,796)
Depreciation expense	3	**(25,043)**	(23,626)	**(25,043)**	(23,626)
Employee benefits expense	3	**(412,829)**	(693,141)	**(412,829)**	(693,141)
Exploration expenditure written off	3	**(71,503)**	(269,391)	**(71,503)**	(269,391)
Occupancy expense		**(4,371)**	(9,986)	**(4,371)**	(9,986)
Foreign exchange loss		**-**	-	**(14,677)**	-
Expenses		**(880,361)**	(2,130,090)	**(883,832)**	(2,129,940)
Loss before related income tax expense		**(696,472)**	(1,830,699)	**(699,943)**	(1,830,549)
Income tax (expense)/benefit	5	**-**	-	**-**	-
Net loss attributable to members of the parent entity		**(696,472)**	(1,830,699)	**(699,943)**	(1,830,549)
Loss is attributable to :					
Lindian Resources Limited		**(694,222)**	-	**-**	-
Minority Interest	16	**(2,250)**	-	**-**	-
		(696,472)	(1,830,699)	**(699,943)**	(1,830,549)
Basic and diluted earnings/(loss) per share	6	**(2.10) cents**	(6.22) cents		

The above income statement should be read in conjunction with the accompanying notes.

Lindian Resources Limited
Balance Sheets
As at 30 June 2008

	Notes	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Current Assets					
Cash and cash equivalents	8	**2,428,436**	3,463,272	**2,425,580**	3,463,211
Receivables	9	**11,794**	40,086	**11,774**	40,086
Total Current Assets		**2,440,230**	3,503,358	**2,437,354**	3,503,297
Non-Current Assets					
Receivables	9	**-**	-	**305,309**	472
Other financial assets	10	**83,203**	-	**586,294**	1
Plant and equipment	11	**55,259**	12,807	**55,259**	12,807
Mineral interest acquisition, exploration and development expenditure	12	**875,703**	120,250	**51,610**	120,250
Total Non-Current Assets		**1,014,165**	133,057	**998,472**	133,530
Total Assets		**3,454,395**	3,636,415	**3,435,826**	3,636,827
Current Liabilities					
Trade and other payables	13	**41,098**	184,193	**41,098**	184,193
Total Current Liabilities		**41,098**	184,193	**41,098**	184,193
Total Liabilities		**41,098**	184,193	**41,098**	184,193
Net Assets		**3,413,297**	3,452,222	**3,394,728**	3,452,634
Equity					
Issued capital	14	**12,063,317**	11,526,830	**12,063,317**	11,526,830
Option premium reserve	15	**1,130,200**	1,024,650	**1,130,200**	1,024,650
Foreign currency translation reserve		**(29,110)**	-	**-**	-
Accumulated losses		**(9,793,480)**	(9,099,258)	**(9,798,789)**	(9,098,846)
Capital and Reserves attributable to equity holders of Lindian Resources Limited		**3,370,927**	3,452,222	**3,394,728**	3,452,634
Minority interest	16	**42,370**	-	**-**	-
Total Equity		**3,413,297**	3,452,222	**3,394,728**	3,452,634

The above balance sheet should be read in conjunction with the accompanying notes.

Consolidated

	Issued Capital	Accumulated Losses	Option Premium Reserve	Foreign Currency Translation Reserve	Minority Equity Interest	Total Equity
	$	$	$	$	$	$
Balance at 30 June 2006	9,651,848	(7,268,559)	1,800	-	-	2,385,089
Shares issued during the year	2,090,239	-	-	-	-	2,090,239
Loss attributable to members of the parent entity	-	(1,830,699)	-	-	-	(1,830,699)
Share issue expenses	(215,257)	-	-	-	-	(215,257)
Fair value of options and shares issued	-	-	1,022,850	-	-	1,022,850
Balance at 30 June 2007	**11,526,830**	**(9,099,258)**	**1,024,650**	**-**	**-**	**3,452,222**
Balance at 1 July 2007	11,526,830	(9,099,258)	1,024,650	-	-	3,452,222
Shares issued during the year	536,487	-	-	-	44,620	581,107
Currency translation differences	-	-	-	(29,110)	-	(29,110)
Loss attributable to members of the parent entity	-	(694,222)	-	-	(2,250)	(696,472)
Fair value of options issued	-	-	105,550	-	-	105,550
Balance at 30 June 2008	**12,063,317**	**(9,793,480)**	**1,130,200**	**(29,110)**	**42,370**	**3,413,297**

The above statement in changes in equity should be read in conjunction with the accompanying notes.

Company

	Issued Capital	Accumulated Losses	Option Premium Reserve	Total Equity
	$	$	$	$
Balance at 30 June 2006	9,651,848	(7,268,297)	1,800	2,385,351
Shares issued during the year	2,090,239	-	-	2,090,239
Loss attributable to members of the parent entity	-	(1,830,549)	-	(1,830,549)
Share issue expenses	(215,257)	-	-	(215,257)
Fair value of options and shares issued	-	-	1,022,850	1,022,850
Balance at 30 June 2007	**11,526,830**	**(9,098,846)**	**1,024,650**	**3,452,634**
Balance at 1 July 2007	11,526,830	(9,098,846)	1,024,650	3,452,634
Shares issued during the year	536,487	-	-	536,487
Loss attributable to members of the parent entity	-	(699,943)	-	(699,943)
Fair value of options issued	-	-	105,550	105,550
Balance at 30 June 2008	**12,063,317**	**(9,798,789)**	**1,130,200**	**3,394,728**

The above statement in changes in equity should be read in conjunction with the accompanying notes.

Lindian Resources Limited
Cash Flow Statement
For the year ended 30 June 2008

	Notes	Consolidated **2008** $	Consolidated 2007 $	Company **2008** $	Company 2007 $
Cash Flows from Operating Activities					
Receipts from customers		**-**	37,251	**-**	37,251
Cash payments in the course of operations		**(689,917)**	(616,001)	**(678,589)**	(615,851)
Interest received		**183,889**	182,587	**183,889**	182,587
Net Cash used in Operating Activities	21 (a)	**(506,028)**	(396,163)	**(494,700)**	(396,013)
Cash Flows from Investing Activities					
Payments for exploration and development expenditure		**(389,598)**	(149,641)	**(122,864)**	(149,641)
Payments for property, plant and equipment		**(67,494)**	(13,996)	**(67,494)**	(13,996)
Proceeds on disposal of property, plant and equipment		**-**	148,053	**-**	148,053
Payments for purchase of subsidiary		**-**	-	**(44,444)**	-
Advances to controlled entities		**-**	-	**(319,616)**	-
Security deposit		**(83,203)**	-	**-**	-
Net Cash used in Investing Activities		**(540,295)**	(15,584)	**(554,418)**	(15,584)
Cash Flows from Financing Activities					
Proceeds from share issues		**-**	1,759,089	**-**	1,759,089
Proceeds from exercise of options		**11,487**	-	**11,487**	-
Share issue expenses		**-**	(215,257)	**-**	(215,257)
Net Cash provided by Financing Activities		**11,487**	1,543,832	**11,487**	1,543,832
Net Increase in Cash Held		**(1,034,836)**	1,132,085	**(1,037,631)**	1,132,235
Cash and cash equivalents at the beginning of the financial year		**3,463,272**	2,331,187	**3,463,211**	2,330,976
Cash and cash equivalents at the end of the Financial Year	8	**2,428,436**	3,463,272	**2,425,580**	3,463,211

The above cash flow statement should be read in conjunction with the accompanying notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Lindian Resources Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Lindian Resources Limited as an individual parent entity ('Parent Entity' or 'Company').

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.

The company is a listed public company, incorporated and domiciled in Australia and operating in Australia and Africa.

Statement of compliance

The financial report was authorised for issue on 30 September 2008

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).

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 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Significant accounting judgments, estimates and assumptions - continued

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.

Revenue

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:

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

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.

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.

Foreign currency transactions and balances

The functional and presentation currency of the Company is Australian dollars.

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

All differences in the consolidated financial report are taken to the income statement.

The functional currencies of the overseas subsidiary is as follows:

Africa	United States Dollar (USD)

As at the reporting date, the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period.

The exchange differences on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity is recognised in the income statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Taxes

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Goods and Services Tax (GST)

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.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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

Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Computer hardware – 33%
Field Equipment – 33%
Motor Vehicles – 33%

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Mineral interest acquisition, exploration and development expenditure

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 amortisation 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.

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.

Impairment testing

The carrying amount of the consolidated entity assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. Where such an indication exists, a formal assessment of recoverable amount is then made and where this is in excess of carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. Any resulting impairment loss is recognised immediately in the income statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment testing - continued

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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.

Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee Benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Contributions are made by the consolidated entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Share-based payment transactions - continued

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.

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.

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.

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 consolidated entity on an arm’s length basis. These transfers are eliminated on consolidation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Australian accounting standards and amendments issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's and the parent entity's assessment of the impact of new standards and interpretations that may affect the Group is set out below.

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising* from *AASB* 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group does not have any borrowings (or already capitalises borrowing costs relating to qualifying assets).

(iii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

	Notes	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
2. REVENUE AND EXPENSES					
Finance Revenue		**183,889**	182,587	**183,889**	182,587
Other income		**-**	37,251	**-**	37,251
Gain on sale of assets		**-**	79,553	**-**	79,553
		-	116,804	**-**	116,804

3. EXPENSES

Loss before income tax has been determined after:

Expenses				
Depreciation of plant and equipment	**25,043**	23,626	**25,043**	23,626
Exploration expenditure written off	**71,503**	269,391	**71,503**	269,391
Employee benefits expense				
Director salaries, fees and superannuation	**166,108**	236,425	**166,108**	63,911
Share based payments expense	**88,700**	444,000	**88,700**	444,000
Employee salaries, fees and superannuation	**158,021**	12,716	**158,021**	185,230
	412,829	693,141	**412,829**	693,141
Other share based payments				
Corporate advisory fee	**-**	790,000	**-**	790,000

4. AUDITORS' REMUNERATION

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	**17,000**	15,000	**17,000**	15,000
- Other services	**-**	14,640	**-**	14,640
	17,000	29,640	**17,000**	29,640

	Notes	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
5. INCOME TAX EXPENSE					
(a) The prima facie tax benefit at 30% on loss is reconciled to the income tax provided in the financial statements as follows:					
Loss		**(696,472)**	(1,830,699)	**(699,943)**	(1,830,549)
Prima facie income tax benefit @ 30%		**(208,942)**	(549,210)	**(209,983)**	(549,165)
Non-deductible (Other deductible) expenses		**(4,986)**	373,195	**(4,986)**	373,195
Deferred tax asset not brought to account		**213,928**	176,015	**214,969**	175,970
Income tax benefit reported in the consolidated income statement		**-**	-	**-**	-
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**	**-**	**215,257**
		-	**215,257**	**-**	**215,257**
(b) The potential deferred tax asset arising from tax losses and temporary differences have not been recognised as an asset because recovery of tax losses is not yet considered sufficiently probable.					
Australian tax losses		**2,376,940**	2,189,573	**2,376,940**	2,189,573

The Group has tax losses arising in Australia of $7,923,133 (2007: $7,298,577) 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.

6. 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	
	2008	2007
	cents	cents
Basic earnings/(loss) per share	**(2.10)**	(6.22)
Diluted earnings/(loss) per share	**(2.10)**	(6.22)

The net loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2008	2007
	$	$
Net loss	**(696,472)**	(1,830,699)

	2008	2007
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**33,060,497**	29,416,266

The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options would result in a decrease in the net loss per share.

7. SEGMENT INFORMATION

	Technology 2008 $	Technology 2007 $	**Mineral Exploration 2008 $**	Mineral Exploration 2007 $	**Consolidated 2008 $**	Consolidated 2007 $
Business segments (Primary Segment)						
Revenue						
Operating revenue	**-**	116,804	**-**	-	**-**	116,804
Other external revenue	**-**	-	**183,889**	182,587	**183,889**	182,587
Total segment revenue	**-**	116,804	**183,889**	182,587	**183,889**	299,391
Results						
Operating loss before income tax	**-**	116,804	**699,472**	1,713,895	**699,472**	1,830,699
Income tax expense					**-**	-
Net loss					**699,472**	1,830,699
Non-Cash Expenses						
Depreciation	**-**	22,438	**25,043**	1,189	**25,043**	23,626
Non-cash expenses other than depreciation	**-**	-	**88,700**	444,000	**88,700**	444,000
Assets						
Segment assets	**-**	-	**3,454,395**	3,636,415	**3,454,395**	3,636,415
Non-current assets acquired	**-**	-	**1,004,174**	134,246	**1,004,174**	134,246
Liabilities						
Segment liabilities	**-**	-	**41,098**	184,193	**41,098**	184,193

	Australia 2008 $	Australia 2007 $	**Democratic Republic of Congo 2008 $**	Democratic Republic of Congo 2007 $	**Consolidated 2008 $**	Consolidated 2007 $
Business segments (Secondary Segment)						
Segment revenue	**183,889**	299,391	**-**	-	**183,889**	299,391
Segment assets	**2,849,060**	3,503,358	**605,335**	133,057	**3,454,395**	3,636,415

	Notes	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
8. CASH AND CASH EQUIVALENTS					
Cash at bank and on hand		**124,111**	320,399	**121,255**	320,338
Short term deposits		**2,304,325**	3,142,873	**2,304,325**	3,142,873
		2,428,436	3,463,272	**2,425,580**	3,463,211

- 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	**2,428,436**	3,463,272	**2,425,580**	3,463,211

9. RECEIVABLES

Current

Trade and other receivables	**11,794**	40,086	**11,774**	40,086

Trade and other 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.

Non-current

Loan to controlled entities	**-**	-	**305,309**	472

Loans have been made to subsidiaries. The loans are interest free, unsecured and repayable only when the borrower's cash flow permits.

	Notes	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $

10. OTHER FINANCIAL ASSETS (Non-Current)

	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
Investment in subsidiaries – unlisted shares at cost (refer 10 (a))	**-**	-	**586,294**	1
Security deposits	**83,203**	-	**-**	-
	83,203	-	**586,294**	1

(a) Particulars in relation to subsidiaries

Name of subsidiary	Notes	Place of Incorporation	Consolidated Entity Interest 2008 %	Consolidated Entity Interest 2007 %
Parent Entity				
Lindian Resources Limited		Australia		
Subsidiaries				
(i) Lindian Resources Guinea Pty Ltd (previously Virtualplus Australia Pty Ltd)		Australia	**100**	100
(ii) Congolese Exploration Company Sprl ("Coexco") (refer Note 21(b))		Democratic Republic of Congo	**80**	-

.

	Notes	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
11. PLANT AND EQUIPMENT					
Plant and equipment - at cost		**81,491**	13,996	**81,491**	13,996
Accumulated depreciation		**(26,232)**	(1,189)	**(26,232)**	(1,189)
Total plant and equipment net book value		**55,259**	12,807	**55,259**	12,807
Reconciliation:					
Balance at the beginning of the year		**12,807**	90,938	**12,807**	90,938
Additions		**67,495**	13,996	**67,495**	13,996
Disposals		**-**	(68,501)	**-**	(68,501)
Depreciation		**(25,043)**	(23,626)	**(25,043)**	(23,626)
Carrying amount at the end of the year		**55,259**	12,807	**55,259**	12,807
12. MINERAL INTEREST ACQUISITION, EXPLORATION AND DEVELOPMENT EXPENDITURE					
Balance at the beginning of the year		**120,250**	-	**120,250**	-
Purchase price for mineral interests		**586,294**	240,000	**-**	240,000
Expenditure incurred during the period		**350,385**	149,641	**82,384**	149,641
Costs written-off		**(151,024)**	(269,391)	**(151,024)**	(269,391)
Translation difference movement		**(30,202)**	-	-	-
Carried forward		**875,703**	120,250	**51,610**	120,250

The expenditure above relates principally to the exploration and evaluation phase. The ultimate recoupment of this expenditure is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

	Notes	Consolidated		Company	
		2008	2007	**2008**	2007
		$	$	**$**	$

13. TRADE AND OTHER PAYABLES

Current

Trade creditors	**8,680**	40,776	**8,680**	40,776
Accrued expenses	**32,418**	143,417	**32,418**	143,417
	41,098	184,193	**41,098**	184,193

Terms and conditions relating to the above financial instruments:

- Trade and other creditors are non-interest bearing and are normally settled on 30 day terms.

14. ISSUED CAPITAL

(a) Issued and paid-up share capital

37,878,022 (2007: 32,771,397) ordinary shares, fully paid	**12,063,317**	11,526,830	**12,063,317**	11,526,830

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

Movements in Ordinary Shares:

	Number	Number	**$**	$
Balance at the beginning of the year	**32,771,397**	25,803,934	**11,526,830**	9,651,848
Issue of shares pursuant to funds raised in prospectus	**-**	5,316,000	**-**	1,594,800
Issue of shares for acquisition of 80% of the share capital in Coexco Sprl (i)	**5,000,000**	-	**525,000**	-
Issue of shares for acquisition of Tshikapa Diamond Project	**-**	400,000	**-**	120,000
Issue of shares for identification of Tshikapa Diamond Project	**-**	1,250,000	**-**	375,000
Options converted to shares during year	**56,625**	1,463	**11,487**	439
Transaction costs on share issue	**-**	-	**-**	(215,257)
Balance at the end of the year	**37,828,022**	32,771,397	**12,063,317**	11,526,830

(i) Shares were issued at a deemed price of 10.5 cents for the acquisition of 80% of the share capital of Coexco Sprl, and the right to acquire the remaining 20%.

14. ISSUED CAPITAL – continued

(b) Share Options

Options to subscribe for ordinary shares in the Company have been granted as follows:

Exercise Period	Note	Exercise Price	Opening Balance 1 July 2007	Options Issued 2007/08	Options Exercised/ Cancelled/ Expired 2007/08	Closing Balance 30 June 2008
			Number	*Number*	*Number*	*Number*
On or before 31 December 2010		$0.20	550,000	-	(55,000)	495,000
On or before 1 July 2011		$0.20	1,000,000	-	-	1,000,000
On or before 15 September 2009		$0.30	3,000,000	-	-	3,000,000
On or before 31 December 2009		$0.30	17,383,504	-	(1,625)	17,381,879
On or before 30 September 2010	(i)	$0.30	-	200,000	-	200,000
On or before 30 September 2010	(ii)	$0.35	-	350,000	-	350,000
On or before 31 December 2011	(iii)	$0.30	-	500,000	-	500,000
			21,933,504	1,050,000	(56,625)	22,926,879

(i) 200,000 options were issued to employees, exercisable at 30 cents after 1 April 2008 and before 30 September 2010.

(ii) 350,000 options were issued to employees, exercisable at 35 cents after 1 May 2008 and before 30 September 2010.

(iii) 500,000 options were issued to one of the vendors of Coexco Sprl, exercisable at 30 cents before 31 December 2011.

(c) Terms and conditions of contributed equity

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.

	Notes	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
15. RESERVES					
Option Premium Reserve					
Balance at beginning of period		**1,024,650**	1,800	**1,024,650**	1,800
Fair value of options issued		**105,550**	1,022,850	**105,550**	1,022,850
Balance at end of period		**1,130,200**	1,024,650	**1,130,200**	1,024,650

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.

Nature and purpose of reserves

Option Premium Reserve

The option premium reserve is used to record the fair value of options issued but not exercised.

Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

	Notes	Consolidated 2008 $	Consolidated 2007 $	Company 2008 $	Company 2007 $
16. MINORITY INTEREST					
Interest in:					
Share capital		**44,620**	-	**-**	-
Accumulated losses		**(2,250)**	-	**-**	-
		42,370	-	**-**	-

17. 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:

	2008 Number of options	**2008 Weighted average exercise price**	2007 Number of options	2007 Weighted average exercise price
Outstanding at the beginning of the year	5,550,000	27 cents	550,000	20 cents
Granted during the year	550,000	33 cents	5,000,000	28 cents
Forfeited during the year	-	-	-	-
Exercised during the year	(55,000)	20 cents	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	6,045,000	28 cents	5,550,000	27 cents
Exercisable at the end of the year	6,045,000		5,550,000	

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 2008 and 30 June 2007:

	2008	2007
Volatility (%) – range	**70%**	70%
Risk-free interest rate (%) – range	**6.75%**	5.5%
Expected life of option (years)	**2 to 3 years**	3 to 5 years
Exercise price (cents)	**20-30**	20-30
Weighted average share price at grant date (cents)	**10.5**	32

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:

- 5,000,000 shares were issued to Corporate and Resource Consultants Pty Ltd at a deemed issue price of 10.5 cents each as part consideration for the acquisition of 80% of the issued capital of Coexco Sprl.
- 500,000 options were issued to John Hamilton as part consideration for the acquisition of 80% of the issued capital of Coexco Sprl. The options are exercisable at 30 cents each on or before 31 December 2011 (valued at 3.4 cents (total $16,850)

The outstanding balance as at 30 June 2008 is shown in Note 14(b).

18. FINANCIAL INSTRUMENTS

Overview

The Company and Group have exposure to the following risks from their use of financial instruments:
- credit risk
- liquidity risk
- market risk

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

		Consolidated		Company	
	Notes	**2008**	2007	**2008**	2007
		$	$	**$**	$
Cash and cash equivalents	8	**2,428,436**	3,463,272	**2,425,580**	3,463,211
Trade and other receivables	9	**11,794**	40,086	**316,611**	40,558
Other financial assets	10	**83,203**	-	**-**	-
Total Assets		**2,523,433**	3,503,358	**2,742,191**	3,503,769
Total Liabilities	13	**41,098**	184,193	**41,098**	184,193

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. For the Company it arises from receivables due from subsidiaries.

(i) Receivables

As the Group operates in the mineral exploration sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure.

18. FINANCIAL INSTRUMENTS - continued

(b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

Due to the nature of the Group's activities and the present lack of operating revenue, the Company has to raise additional capital from time to time in order to fund its exploration activities. The decision on how and when the Company will raise future capital will depend on market conditions existing at that time and the level of forecast activity and expenditure.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of between six and twelve months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The consolidated entity is exposed to foreign exchange rate arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the company's functional currency. The risk is measured using sensitivity analysis.

The following significant exchange rates applied during the year:

		Average rate		**Reporting date spot rate**	
	Notes	**2008**	2007	**2008**	2007
		$	$	**$**	$
United States Dollar		**0.89**	-	**0.96**	-

The consolidated entity's exposure to foreign currency risk at the reporting date was as follows:

		30 June 2008		30 June 2007	
		Consolidated	**Company**	Consolidated	Company
	Notes	**USD**	**USD**	USD	USD
		$	**$**	$	$
Total Assets		**483,016**	**-**	-	-
Total Liabilities		-	**293,100**	-	-

18. FINANCIAL INSTRUMENTS - continued

Foreign currency risk sensitivity analysis

At 30 June, the effect on loss and equity as a result of changes in the value of the Australian Dollar to the foreign currencies, with all other variables remaining constant is as follows:

	2008		2007	
	Changes in Equity with a +/- 10% in AUD to USD		Changes in Equity with a +/- 10% in AUD to USD	
	Consolidated	**Company**	Consolidated	Company
	$	**$**	$	$
Total Assets	**464**	**-**	**-**	-
Total Liabilities	**-**	**281**	-	-

(ii) Interest Risk

The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's cash and cash equivalents. The Group and Company did not have any fixed rate instruments at balance date

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments:

	Consolidated Carrying Amount		**Company Carrying Amount**	
	2008	2007	**2008**	2007
	$	$	**$**	$
Variable rate Instruments at call				
Financial assets	**2,428,436**	3,463,272	**2,425,580**	3,463,211
Financial liabilities	**-**	-	**-**	-
	2,428,436	3,463,272	**2,425,580**	3,463,211

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

18. FINANCIAL INSTRUMENTS - continued

The following table summarises interest rate risk for the consolidated entity, together with effective interest rates as at balance date.

Consolidation

2008	**Weighted average effective interest rate**	**Floating interest rate**	**Non-interest bearing**	**Total**
		$	**$**	**$**
Financial Assets:				
Current:				
Cash at bank	6.45%	2,428,436	-	2,428,436
Receivables		-	11,794	11,794
Non current:				
Deposit		-	83,203	83,203
Total Financial Assets		2,428,436	94,997	2,523,433
Financial Liabilities:				
Current:				
Accounts payable		-	41,098	41,098
Total Financial Liabilities		-	41,098	41,098

2007		**Floating interest rate**	**Non-interest Bearing**	**Total**
		$	**$**	**$**
Financial Assets:				
Current:				
Cash at bank	5.76%	3,463,272	-	3,463,272
Receivables		-	40,086	40,086
Total Financial Assets		3,463,272	40,086	3,503,358
Financial Liabilities:				
Current:				
Accounts payable		-	184,193	184,193
Total Financial Liabilities		-	184,193	184,193

18. FINANCIAL INSTRUMENTS - continued

Company

2008	**Weighted average effective interest rate**	**Floating interest rate**	**Non-interest bearing**	**Total**
		$	**$**	**$**
Financial Assets:				
Current:				
Cash at bank	6.45%	2,425,580	-	2,425,580
Receivables		-	316,611	316,611
Total Financial Assets		2,425,580	316,611	2,742,191
Financial Liabilities:				
Current:				
Accounts payable		-	41,098	41,098
Total Financial Liabilities		-	41,098	41,098

2007		**Floating interest rate**	**Non-interest Bearing**	**Total**
		$	**$**	**$**
Financial Assets:				
Current:				
Cash at bank	5.76%	3,463,211	-	3,463,211
Receivables		-	40,558	40,558
Total Financial Assets		3,463,211	40,558	3,503,769
Financial Liabilities:				
Current:				
Accounts payable		-	184,193	184,193
Total Financial Liabilities		-	184,193	184,193

(iii) Cash flow sensitivity analysis for variable rate instruments

Consolidated

At 30 June 2008, if interest rates had changed by 10% during the entire year with all other variables held constant, loss for the year and equity would have been $15,785 lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% increase sensitivity would move short term interest rates at 30 June 2008 from around 6.45% to 7.10% (10% decrease: 5.80%) representing a 65 basis points shift. This would represent two to three increases which is reasonably possible in the current environment.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

18. FINANCIAL INSTRUMENTS - continued

Company

At 30 June 2008, if interest rates had changed by 10% during the entire year with all other variables held constant, loss for the year and equity would have been $15,785 lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% increase sensitivity would move short term interest rates at 30 June 2008 from around 6.45% to 7.10% (10% decrease : 5.80%) representing a 65 basis points shift. This would represent two to three increases which is reasonably possible in the current environment.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

The Company does not have any material risk exposure to any single debtor or group of debtors.

(d) Net fair values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Company has no financial assets where carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements.

(e) Capital Management

Management controls the capital of the Group in order to ensure that the Group can fund its operations on an efficient and timely basis and continue as a going concern.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's cash projections up to twelve months in the future and any associated financial risks. Management will adjust the Group's capital structure in response to changes in these risks and in the market.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

19. COMMITMENTS

(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		Company	
	2008	2007	**2008**	2007
	$	$	**$**	$
Within one year	**276,406**	824,694	**260,000**	824,694
One year or later and not later than five years	**1,559,844**	1,164,782	**1,520,000**	1,164,782
Later than five years	**-**	-	**-**	-
	1,836,250	1,989,476	**1,780,000**	1,989,476

20. CONTINGENT LIABILITIES

There were no contingent liabilities of the consolidated entity not provided for in the financial statements at 30 June 2008.

	Notes	Consolidated		Company	
		2008	2007	**2008**	2007
21. STATEMENTS OF CASH FLOWS		**$**	$	**$**	$
(a) Reconciliation of the loss to net cash used in operating activities					
Loss after income tax		**(696,472)**	(1,830,699)	**(699,943)**	(1,830,549)
Add back non-cash items:					
Depreciation		**25,043**	23,626	**25,043**	23,626
Foreign currency loss/(gain)		**-**	-	**14,780**	-
Non-cash share option expenditure		**88,700**	1,234,000	**88,700**	1,234,000
Gain on sale of property, plant and equipment		**-**	(79,553)	**-**	(79,553)
Exploration costs written-off		**71,503**	269,391	**71,503**	269,391
Change in assets and liabilities:					
Decrease/(increase) in receivables		**28,292**	(2,821)	**276**	(2,821)
(Decrease)/increase in payables		**(23,094)**	(10,107)	**4,941**	(10,107)
Net cash used in operating activities		**(506,028)**	(396,163)	**(494,700)**	(396,013)

21. STATEMENTS OF CASH FLOWS - continued

(b) Acquisition of controlled entities

	CONSOLIDATED
On 7 February 2008 shareholder approval was granted for the Company to acquire 80% of the issued capital in Coexco Sprl, with the right to acquire the remaining 20% at a later date. The initial purchase consideration comprised:	
- the issue of 5 million ordinary shares at 10.5 cents each;	
- the issue of 0.5 million options (exercisable at 30 cents each on or before 31 December 2011) at a deemed price of 3.4 cents each; and	
- cash consideration of $44,444.	$
The purchase price was allocated as follows:	
Purchase consideration – fair value of securities to be granted at the date of exercise of the option to acquire Coexco	**541,850**
Cash consideration	**44,444**
	586,294
Assets and liabilities acquired at acquisition date:	
Exploration and evaluation expenditure – fair value of mineral properties acquired	**586,294**
Total	**586,294**
The cash outflow on acquisition is as follows:	
Net cash acquired with subsidiary	**-**
Cash paid	**(44,444)**
Net cash outflow	**(44,444)**

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to their carrying value at acquisition date.

Operations of acquired controlled entities

Coexco has an interest in the Bafwasende Gold and Diamond project, consisting of 43 exploration licenses and one exploration license application covering a total area of approximately 7,000 square kilometres located 220kms north east of Kisangani (a major regional centre) in Province Orientale in the north east of the Democratic Republic of Congo.

(c) Non-Cash Financing and Investing Activities

.

Purchase consideration paid for the purchase of Coexco sprl included the issue of shares and options. Refer note (b) above for further information.

22. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

The following were key management personnel of the consolidated entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non Executive Directors
Mr Reginald Gillard
Mr Patrick Flint
Mr Gavin Argyle

Managing Director
Mr Gregory Smith

Senior Managers
Mr Paul Jurman

(b) 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.

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

30 June 2008 Senior Manager	Vested Number	Granted Number	Grant Date	Fair Value per option at grant date $	Exercise price per option $	First Exercise Date $	Last Exercise Date $
P Jurman	350,000	350,000	07-02-08	58,100	0.35	01-5-08	30-09-10
Total	350,000	350,000					

During the prior 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 three years.

30 June 2007 Directors	Vested Number	Granted Number	Grant Date	Fair Value per option at grant date $	Exercise price per option $	First Exercise Date $	Last Exercise Date $
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					

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

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

22. DIRECTOR AND EXECUTIVE DISCLOSURES - continued

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

30 June 2008	Balance at beginning of period	Granted as remuneration	Options exercised	Net change Other (i)	Balance at end of period	Vested as at 30 June 2008 Total	Exercisable	Not Exercisable
Directors								
R N Gillard (i)	1,676,103	-	-	-	1,676,103	1,676,103	1,676,103	-
G L Smith (ii)	1,366,976	-	-	-	1,366,976	1,366,976	1,366,976	-
P J Flint (i)	1,493,603	-	-	-	1,493,603	1,493,603	1,493,603	-
G J Argyle (iii)	585,000	-	-	-	585,000	585,000	585,000	-
Senior managers								
P Jurman	-	350,000	-	-	350,000	350,000	350,000	-
	5,121,682	350,000	-	-	5,471,682	5,471,682	5,471,682	-

30 June 2007	Balance at beginning of period	Granted as remuneration	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)	-	-	-	-	-	-	-	-
Senior managers								
P Jurman	-	-	-	-	-	-	-	-
	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

22. DIRECTOR AND EXECUTIVE DISCLOSURES - continued

(f) Number of shares held by Key Management Personnel

30 June 2008	Balance 01 July 2007 Ord	Granted as remuneration Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30 June 2008 Ord
Directors					
R N Gillard (i)	810,541	-	-	-	810,541
G L Smith	733,952	-	-	-	733,952
P J Flint (i)	517,541	-	-	-	517,541
G J Argyle	-	-	-	-	-
Senior managers					
P Jurman	-	-	-	-	-
	2,062,034	-	-	-	2,062,034

30 June 2007	Balance 01 July 2006 Ord	Granted as remuneration Ord	On Exercise of Options Ord	Net Change Other Ord	Balance 30 June 2007 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
Senior managers					
P Jurman	-	-	-	-	-
	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.

22. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(g) Other transactions with Key Management Personnel and their related parties

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These are listed below:

Corporate Consultants Pty Ltd ("CCPL") provides accounting, administrative and company secretarial services on commercial terms. Total amounts paid to CCPL were $24,870 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 $4,370 for the period. Mr Gillard has a beneficial interest in the Ledgar Road Partnership.

Corporate & Resource Consultants Pty Ltd ("CRCPL") received 5,000,000 shares at 10.5 cents during the financial year in consideration for the purchase of Coexco Sprl. The options were valued based on the Black & Scholes pricing model (refer Note 17). Mr Gillard and Mr Flint are directors of and have a beneficial interest in (but do not control) CRCPL.

All transactions above were completed at arms length.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year-end.

(h) Transactions with Related Parties - Subsidiaries

Wholly Owned Consolidated Entity

The Company incurs exploration expenditure on behalf of the subsidiaries. Investments in and loans to wholly owned subsidiaries are disclosed in Note 10.

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

23. EVENTS OCCURRING AFTER THE REPORTING 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.

In the opinion of the Directors of Lindian Resources Limited ("the Company"):

(a) The financial statements and the notes and the additional disclosures included in the directors' report designated as audited 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 2008 and of their performance for the period ended that date; and

(ii) Complying with Accounting Standards 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.

c) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2008.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors

G Smith
Managing Director

Dated at Perth, 30 September 2008

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

LINDIAN RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Lindian Resources Limited ("the company"), which comprises the balance sheet as at 30 June 2008, 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.

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.

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.

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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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.

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

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 2008 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Lindian Resources Limited for the financial year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall.

D J WALL
Partner

Perth, WA
Dated: 30 September 2008

TENEMENT DIRECTORY

Mineral tenements held at 16 September 2008 are as follows:

Project	Tenement Reference	Company Interest %	Status / Comment
Dinguiraye Iron and PGE / base metal project in Guinea, Africa.	Reconnaissance Licence ("RGA")	96%	Granted 8/5/2008
Bafwasende Gold and Diamond Project	PR6013 – PR6016	80%	Granted 30/1/2007
	PR6018 – PR6036	80%	Granted 30/1/2007
	PR6887 – PR6896	80%	Granted 19/6/2007
	PR6897	80%	Pending
	PR6898 – PR6906	80%	Granted 19/6/2007
	PR6909	80%	Granted 19/6/2007

The shareholder information set out below was applicable as at 16 September 2008.

Distribution of Holders of Equity Securities

Size of Holding	Ordinary Shares	Options (LINO)
1 to 1,000	493	86
1,001 to 5,000	517	163
5,001 to 10,000	154	29
10,001 to 100,000	197	105
100,001 and over	44	32
	1,405	415

The number of shareholdings comprising less than a marketable parcel was 970.

Voting Rights

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options has any voting rights.

Twenty Largest Shareholders as at 16 September 2008	Number of Shares	% Held
ANZ Nominees Limited <Cash Income A/C>	9,672,423	25.57
Corporate & Resource Consultants Pty Ltd	4,557,292	12.04
Mr Michael Robert Franco + Mr Robert Mario Franco + Miss Laura Michelle Franco	1,500,000	3.97
Eagle River Holdings Pty Ltd	900,000	2.38
Shah Nominees Pty Ltd <Louis Carsten Super Fund A/C>	800,000	2.11
Stevsand Investments Pty Ltd	660,000	1.74
Crestline Investments Pty Ltd	600,952	1.59
NEFCO Nominees Pty Ltd	600,000	1.59
Manikato Financial Services Pty Ltd	581,640	1.54
Mr Alfonso Di Lanzo	566,000	1.50
Mr John Francis Corr <The Bawnlusk Portfolio A/C>	500,000	1.32
Mikado Corporation Pty Ltd <JFC Superannuation A/C>	500,000	1.32
Dr Todd Andrew Silbert	500,000	1.32
Mr David Argyle	417,411	1.10
National Nominees Limited	410,000	1.08
Masters Sprl	400,000	1.06
Mr Mario Giosue Franco + Mrs Immacolata Franco <the Mario Franco S/F A/C>	315,473	0.83
Mr Alexander Terrence Christianopoulos	311,000	0.82
Mr Brian Joseph Glynn	300,000	0.79
Economist Holdings Pty Ltd	279,000	0.74
	24,371,191	64.41

Twenty Largest Optionholders as at 16 September 2008 Options Expiring 31 December 2009 (ASX code: LINO)	**Number of Options**	**% Held**
ANZ Nominees Limited <Cash Income A/C>	4,109,794	23.64
Mr Michael Robert Franco + Mr Robert Mario Franco + Miss Laura Michelle Franco	750,000	4.31
Clodene Pty Ltd	735,709	4.23
Mr Nathan Vadala	678,358	3.90
Corporate & Resource Consultants Pty Ltd	625,000	3.60
Mr David Argyle	542,428	3.12
Elawena Nominees Pty Ltd <JED Super Fund A/C>	491,250	2.83
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 Michael John Fennell <LMF Holdings A/C>	263,000	1.51
Mr Gavin John Argyle <Gavin Argyle Family A/C>	255,000	1.47
Mr John Francis Corr	250,000	1.44
Ms Pao-Yu Chou	234,321	1.35
Dr Georg Schnura	220,000	1.27
Masters Sprl	200,000	1.15
Mr Robert Vadala + Mrs Suzanne Vadala <Vadala Family A/C>	198,000	1.14
Mr David Leone	173,500	1.00
Mr Alfonso Di Lanzo	157,737	0.91
Mr Mario Giosue Franco + Mrs Immacolata Franco <the Mario Franco S/F A/C>	150,000	0.86
	10,925,393	62.86

Unquoted Options

Unquoted options on issue at 16 September 2008 were as follows:

Refer Note	Number of Options	Exercise Price	Exercise Periods/ Expiry Dates	Number of Holders
1	495,000	20 cents	On or before 31 December 2010	4
2	1,000,000	20 cents	On or before 1 July 2011	1
3	3,000,000	30 cents	On or before 15 September 2009	3
4	200,000	30 cents	On or before 30 September 2010	1
5	350,000	35 cents	On or before 30 September 2010	1
6	500,000	30 cents	On or before 31 December 2011	1

The names of the holders of 20% or more options in these unquoted securities are listed below:

Note	Name	Number of Options Held	% of Options Held
1	Gavin Argyle	330,000	66.67
2	Corporate & Resource Consultants Pty Ltd	1,000,000	100
3	Gregory Smith	1,000,000	33.33
3	Reginald Gillard	1,000,000	33.33
3	Patrick Flint	1,000,000	33.33
4	Guy Scherrer	200,000	100
5	Paul Jurman	350,000	100
6	John V Hamilton	500,000	100