



(ABN 53 090 772 222)

# Financial Report

## For the year ended 30 June 2010

***Lindian Resources Limited***  
***Corporate Directory***

---

<b>Directors</b>	Anthony Cunningham Andrew Philips Paul Jurman	Non-Executive Chairman Non-Executive Director Non-Executive Director
<b>Company Secretary</b>	Paul Jurman	
<b>Registered and Administrative Office</b>	Ground Floor 30 Ledger Road Balcatta WA 6021  Telephone: Facsimile:	   (61 8) 9345 2478 (61 8) 9240 2406
<b>Principal Place of Business</b>	Ground Floor 30 Ledger Road Balcatta Western Australia 6021	
<b>Share Registry</b>	Computershare Investor Services Pty Ltd Level 2, 45 St George's Terrace Perth WA 6000	
<b>Solicitors</b>	Steinepreis Paganin Level 4, 16 Milligan Street Perth WA 6000	
<b>Auditors</b>	RSM Bird Cameron Partners 8 St George's Terrace Perth WA 6000	
<b>Stock Exchange Listings</b>	Australian Securities Exchange	(Code – LIN, LINO)

***Lindian Resources Limited***  
***Contents***

---

	<b><i>Page Numbers</i></b>
<b>Review of Operations</b>	<b>3-5</b>
<b>Directors' Report</b>	<b>6-12</b>
<b>Statement of Corporate Governance Practices</b>	<b>13-19</b>
<b>Auditor's Independence Declaration</b>	<b>20</b>
<b>Statement of Comprehensive income</b>	<b>21</b>
<b>Statement of Financial Position</b>	<b>22</b>
<b>Statement of Changes in Equity</b>	<b>23</b>
<b>Statement of Cash Flows</b>	<b>24</b>
<b>Notes to the Financial Statements</b>	<b>25-51</b>
<b>Directors' Declaration</b>	<b>52</b>
<b>Independent Auditor's Report</b>	<b>53-54</b>
<b>Mineral Interests Schedule</b>	<b>55</b>
<b>Additional Shareholder Information</b>	<b>56-57</b>

## Exploration

The Company's main focus during the year was on exploration of the Dinguiraye Pt-Ni-Cu Project located in Guinea, West Africa. This project has demonstrated excellent potential to host PGE / Ni sulphide mineralisation and following granting of the initial exploration licence in March 2009 the pace of exploration has been increased. A second exploration licence was granted in September 2009.



Figure 1 - Location Plan Dinguiraye – Bafwasende Projects

### Dinguiraye Pt-Ni-Cu Project (92% interest)

The Project, located at the town of Dinguiraye approximately 400km northeast of Conakry in the central part of Guinea consists of 2 granted exploration licences covering 705km<sup>2</sup>. (Figures 2 and 3).



Figure 2 – Location Plan

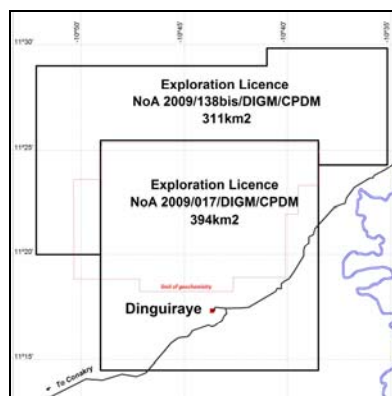


Figure 3 – Licence Location Plan

## Exploration

Exploration to date has consisted of remote sensing interpretation, soil geochemistry, airborne magnetics, reconnaissance geological mapping and drilling. RC drilling was completed during October and November 2009 targeting the Pt, Ni soil geochemical anomalies in Blocks 1, 2 and 3. The drilling completed in Blocks 2 and 3 consisted of 27 RC holes totalling 1,876m. However due to unseasonable rains the proposed drill sites in Block 1 could not be accessed.

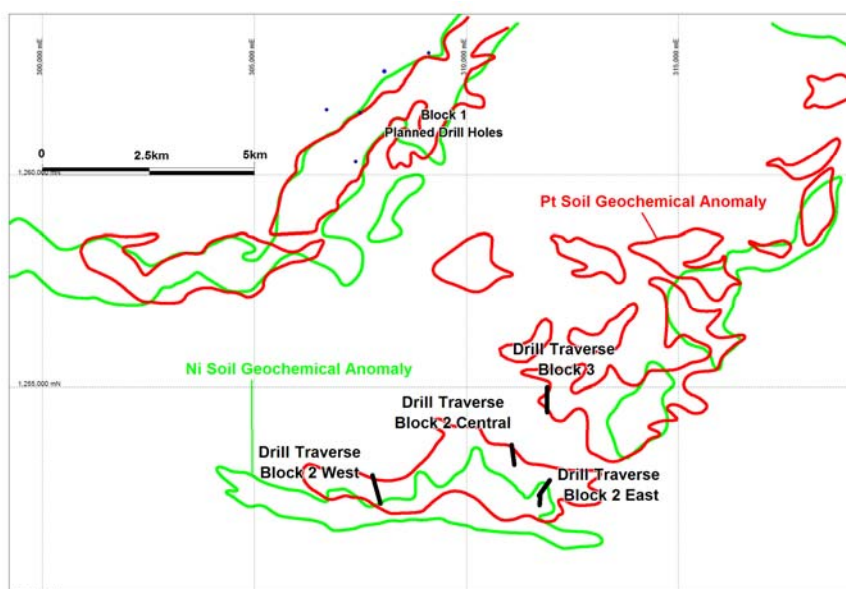


Figure 4 - Dinguiraye Pt, Ni, Co Project – RC Drill Traverses

Results have now been received for all the holes. All holes with the exception of DRC008 contain elevated Pt results starting from or close to surface. Results greater than 250ppb Pt (0.25 g/t) form a blanket averaging 9m thick within the ferruginous laterites (Figure 5). Below this, with the exception of drill traverse Block 2 central occurs a partially coincident Ni / Co horizon defined by Ni results exceeding 1000ppm Ni and Co greater than 500ppm.

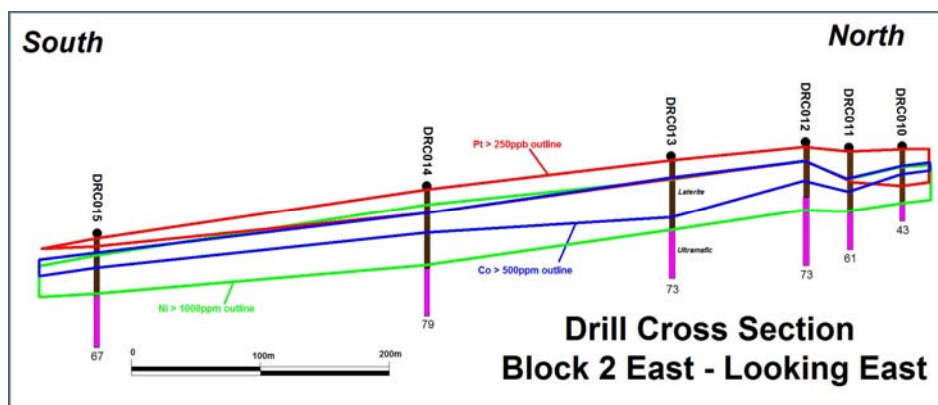


Figure 5 - Dinguiraye Pt, Ni, Co Project – Drill Section Block 2 East

The Company has continued to review results of the detailed exploration work completed to date to determine the optimum way forward for the development of the project. Discussions have commenced with various parties interested in farming-in to the project by funding the next phase of exploration.

**Bafwasende Project (80% interest)**

The Bafwasende Project consisted 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 Democratic Republic of the Congo.

During the year, the Company disposed of its 80% shareholding in Coexco Sprl for nominal value due to unfavourable exploration results received to date and the political uncertainty existing in the Democratic Republic of Congo. Coexco Sprl owned the rights to the Bafwasende Gold / Diamond Project.

**Other Activities**

In June 2009 the Company issued a prospectus pursuant to a fully underwritten, pro-rata (on the basis of one option for every three shares held) non-renounceable entitlement issue of options (at a price of one cent each). The options have an exercise price of 15 cents each and an expiry date of 31 December 2011. The issue closed on 24 July 2009 and 12,609,341 options were allotted and dispatched on 4 August 2009. The funds raised were used to contribute to the exploration programme at the Dinguiraye Pt-Ni-Cu project in Guinea.

In October 2009 the Company completed the placement of 5,670,336 shares at 30 cents each to clients of CPS Securities to raise approximately \$1.7 million before costs. The monies raised were used to fund the exploration programme at the Dinguiraye Project, and in particular the initial 3,000m RC drill programme.

On 19 February 2010 Mr Andrew Philips was appointed as a Non-Executive Director and Mr Greg Smith and Mr Patrick Flint resigned as Directors.

*Scientific or technical information in this report has been prepared under the supervision of Mr Greg Smith, a former director of the Company and a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Smith has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Smith consents to the inclusion in this report of the Information, in the form and context in which it appears.*

## ***Lindian Resources Limited***

### ***Directors' Report***

---

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 2010 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**

##### **Anthony R Cunningham – B.Com (Non-Executive Chairman) (Appointed 4 March 2009)**

Mr Cunningham is currently Managing Director of CPS Securities, an AFSL Licence holder specialising in advice to retail and wholesale clients. He has been instrumental in raising capital for many exploration companies from IPO to production and brings over 15 years of mining and stock market experience. Mr Cunningham holds a Bachelor of Commerce and is in the final year of a Graduate Diploma in Applied Geology.

##### **Andrew Philips – (Non-Executive Director) (Appointed 19 February 2010)**

Mr Philips is a director of Eagle River Holdings Pty Ltd and has an extensive business background involving several entities over the last 25 years. He has been involved in the management of wholesale and retail businesses catering to all forms of the market. His experience extends from the management of staff to the key element of bringing forward an idea, a successful marketing campaign, raising funds and building a substantial business.

Mr Philips’s corporate and investment background expands over 20 years as a shareholder in numerous companies and a promoter of many. He has been a successful business entrepreneur and brings a wealth of knowledge and understanding to the Board of Lindian.

##### **Paul Jurman – CPA, B Com (Non-Executive Director) (Appointed 20 August 2010)**

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 and Verus Investments Limited.

##### **Reginald N Gillard BA FCPA FAICD JP – (Former Non-Executive Chairman) (Resigned 20 August 2010)**

Mr 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. He is a non-executive chairman of Aspen Group Ltd, Perseus Mining Limited, Eneabba Gas Limited, Tiger Resources Limited and Platina Resources Limited (from 2 July 2009) and he also served as non-executive chairman of Caspian Oil & Gas Limited (resigned 31 August 2010), 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 (Former Managing Director) (Resigned 19 February 2010)**

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. He previously served as a director of Elemental Minerals Limited (from 30 January 2007, resigned 11 March 2009).

**DIRECTORS – continued**

**Names, qualifications, experience and special responsibilities - continued**

**Patrick J Flint – CA, B.Com (Former Non-Executive Director)**  
**(Resigned 19 February 2010)**

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 a non-executive director of Tiger Resources Limited (from 9 January 2007) and Erongo Energy Limited (from 23 November 2006) and company secretary of Red Metal Limited (all of which are listed on the Australian Stock Exchange). He previously served as a director of Zedex Minerals Limited (from 1 May 2007, resigned 15 July 2009).

**COMPANY SECRETARY**

**Paul Jurman – CPA, B Com**  
**(Appointed 30 October 2006)**

For details relating to Paul Jurman, please refer to the details on Directors above.

**PRINCIPAL ACTIVITIES**

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

**RESULTS AND DIVIDENDS**

The consolidated loss for the year after income tax was \$918,692 (2009: \$1,216,774). 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 2.20 cents (2009: 3.14 cents).

**REVIEW OF OPERATIONS**

A review of operations of the consolidated entity during the year ended 30 June 2010 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:

- In June 2009 the Company issued a prospectus pursuant to a fully underwritten, pro-rata (on the basis of one option for every three shares held) non-renounceable entitlement issue of options (at a price of one cent each). The issue closed on 24 July 2009 and 12,609,341 options were allotted and dispatched on 4 August 2009.
- In October 2009 the Company completed the placement of 5,670,336 shares at 30 cents each to clients of CPS Securities to raise approximately \$1.7 million before costs. The monies raised were used to fund the exploration programme at the Dinguiraye Project, and in particular the initial 3,000m RC drill programme.

**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.

## **DIRECTORS' MEETINGS**

The number of meetings of the Directors and the number of meetings attended by each Director during the year ended 30 June 2010 were:

	<b>Directors' meetings held during period of office</b>	<b>Directors' meetings attended</b>
R N Gillard	6	6
A R Cunningham	6	6
A Philips (appointed 19/02/10)	2	2
G L Smith (resigned 19/02/10)	4	4
P J Flint (resigned 19/02/10)	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:

	<b>Fully Paid Ordinary Shares</b>	<b>Options Over Ordinary Shares</b>
A R Cunningham	450,000	278,250
A Philips	783,000	185,000
P Jurman	-	450,001

### ***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, 3,000,000 options over unissued ordinary shares in the Company were forfeited by Directors of the Company. No options were exercised by Directors or officers during or since the end of the financial year.

## **SHARE OPTIONS**

As at the date of this report, there are 15,119,307 options over unissued ordinary shares in the Company outstanding, summarised as follows:

	<b>Number</b>	<b>Exercise Price</b> \$	<b>Expiry Date</b>
Listed Options:	12,574,307	\$0.15	31 December 2011
Unlisted Options:	495,000	\$0.20	31 December 2010
Unlisted Options:	1,000,000	\$0.20	1 July 2011
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 granted during the financial year are as follows:

- In July 2009 the Company completed a fully underwritten, pro-rata (on the basis of one option for every three shares held) non-renounceable entitlement issue of options (at a price of one cent each) to raise approximately \$126,000 before costs. 12,609,341 listed options (LINO), exercisable at \$0.15 each on or before 31 December 2011, were allotted.
- 500,000 listed options (LIN), exercisable at \$0.30 each on or before 31 December 2009 were issued to CPS Securities Pty Ltd as part of the share placement fee for the completion of a share placement in October 2009.

No Options were granted since the end of the financial year.

Options that have lapsed during or since the end of the financial year are as follows:

- 3,000,000 options exercisable at 30 cents before 15 September 2009.
- 17,836,798 options exercisable at 30 cents before 31 December 2009.

### *Shares issued on exercise of options*

During or since the end of the financial year, the Company has issued the following ordinary shares as a result of the exercise of options.

<b>Number of shares</b>	<b>Amount paid on each share</b>
45,081	\$0.30
35,034	\$0.15

For details on the valuation of the options issued during the prior 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 Anthony Cunningham  
Mr Andrew Philips (appointed 19/02/10)  
Mr Paul Jurman (appointed 20/08/10)  
Mr Patrick Flint (resigned 19/02/10)  
Mr Reginald Gillard (resigned 20/08/10)

### **Managing Director**

Mr Gregory Smith (resigned 19/02/10)

### **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 2010**

No options have been issued to directors and executives as part of their remuneration during the current year.

## **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 non-executive 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 2010 is detailed in Table 1 of this report.

**REMUNERATION REPORT - continued**

**Executive Directors' remuneration**

Mr Smith was the Managing Director of the Company up to the date of his resignation on 22 February 2010 and was entitled to Director Fees of \$100,000 per annum plus superannuation.

**Options issued to Directors and executives**

There have been no options issued to Directors and executives for the years ended 30 June 2010 and 30 June 2009.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

**Table 1 – Director's and executive remuneration**

	Short-term Salary & Fees	Other	Post Employment Super	Share Based Payment Options	Total	Remuneration represented by options
	\$	\$	\$	\$	\$	%
<b>30 June 2010</b>						
<b>Directors</b>						
R N Gillard (resigned 20/8/2010)	30,000	2,072	2,700	-	34,772	-
A R Cunningham	20,000	2,072	1,800	-	23,872	-
A Philips (appointed 19/02/2010)	7,083	623	637	-	8,343	-
G L Smith (resigned 19/02/2010)	89,881	1,243	5,839	-	96,963	-
P J Flint (resigned 19/02/2010)	12,976	1,243	1,168	-	15,387	-
<b>Executive</b>						
P Jurman	10,000	2,072	900	-	12,972	-
	169,940	9,325	13,044	-	192,309	
	Short-term Salary & Fees	Other	Post Employment Super	Share Based Payment Options	Total	Remuneration represented by options
	\$	\$	\$	\$	\$	%
<b>30 June 2009</b>						
<b>Directors</b>						
R N Gillard	33,333	1,760	3,000	-	38,093	-
G L Smith	100,000	1,760	9,000	-	110,760	-
P J Flint	23,336	1,760	2,100	-	27,196	-
G J Argyle (resigned 04/03/2009)	16,667	1,173	-	-	17,840	-
A R Cunningham (appointed 04/03/2009)	6,505	587	585	-	7,677	-
<b>Executive</b>						
P Jurman	13,333	1,760	1,200	-	16,293	-
	193,174	8,800	15,885	-	217,859	

## **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 \$9,324 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 20 and forms part of this directors' report for the year ended 30 June 2010.

Signed in accordance with a resolution of Directors.



T Cunningham  
Non Executive Chairman

Perth, 17 September 2010

ASX Listing Rule 4.10.3 requires listed companies to disclose in their Annual Report the extent to which they have complied with the ASX Best Practice Recommendations of the ASX Corporate Governance Council in the reporting period. A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year. They comply with the August 2007 ASX *Principles of Good Corporate Governance and Best Practice Recommendations*.

The Company's website at [www.lindianresources.com.au](http://www.lindianresources.com.au) contains a corporate governance section that includes copies of the Company's corporate governance policies.

**Principle 1: Lay solid foundations for management and oversight**

***Role of the Board and of Senior Executives (1.1)***

The relationship between the board and senior management is critical to the Company's long-term success. The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed. 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.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and Company Secretary. Following Mr Smith's resignation, day to day management is managed by the Chairman and Company Secretary.

***Senior Executive Performance Review (1.2)***

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

Due to the size of the Company and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of senior executives. The board considers that at this stage of the Company's development an informal process is appropriate.

This process for evaluating the Board and senior executives is contained in the Board Charter posted on the Company's website.

**Principle 2: Structure the board to add value**

The Board operates in accordance with the broad principles set out in its charter which is available from the corporate governance information section of the company website. The charter details the Board's composition and responsibilities.

***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.

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.

***Independent Directors (2.1)***

In assessing whether a director is classified as independent, the Board considers the independence criteria set out in the ASX Corporate Governance Council Recommendation 2.1 and other facts, information and circumstances deemed by the Board to be relevant.

Using the ASX Best Practice Recommendations on the assessment of the independence of Directors, the Board considers that of a total of three Directors, all three are considered to be independent (Mr Anthony Cunningham, Mr Andrew Philips and Mr Paul Jurman). Mr Greg Smith was the Managing Director of the Company up to the date of his resignation and was not considered to be independent. Mr Patrick Flint was employed in an executive role in 2007 and although meeting other criteria and bringing independent judgement to bear in the role, was not considered to be independent up to the date of his resignation.

The Company considers that each of the directors possess the skills and experience suitable for building the Company and that the current composition of the Board is adequate for the Company's current size and operations."

***Chairman and Chief Executive Officer (CEO) (2.2, 2.3)***

The Board Charter requires that the Chairman of the Board will be a Non-Executive Director and will be elected by the Directors. The Chairman is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing Board's relationship with the Company's senior executives. The Board considers that the Chairman, Mr Anthony Cunningham, is independent as discussed in the above paragraph.

The CEO was Mr Greg Smith, Managing Director, up to the date of his resignation, who was responsible for implementing Company strategies and policies. In this transitory phase, the Board as a whole have on the duties normally associated with a Managing Director of the Company.

***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.

When a new director is to be appointed the Board reviews the range of skills, experience and expertise on the board, identifies its needs and prepares a short-list of candidates with appropriate skills and experience. Where necessary, advice is sought from independent search consultants.

The Board then appoints the most suitable candidate who must stand for election at the next annual general meeting of the Company.

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.

This selection, nomination and appointment process is detailed on the company website.

***Board Performance Review (2.5)***

It is the policy of the Board to conduct an evaluation of the performance of the Board annually. 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.

Due to the size of the Board and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of individuals. The Board considers that at this stage of the Company's development an informal process is appropriate.

***Independent Professional Advice***

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 Chairman and/or Company Secretary/Financial Controller who shall remedy the breach. If the breach is not rectified to the satisfaction of the employee, they shall have the right to report any breach to an independent Director without further reference to senior managers of the Company.

***Share Ownership***

Directors are encouraged to own Company shares.



### ***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.

### **Principle 3: Promote ethical and responsible decision making**

#### ***Code of Conduct (3.1)***

The Company has developed a Code of Conduct (the Code) which has been endorsed by the Board and applies to all Directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders. The Code outlines the responsibility and accountability of Company personnel to report and investigate reports of unethical practices.

This Code of Conduct can be found on the company website.

#### ***Trading Policy (3.2)***

Trading in Company securities is regulated by the Corporations Act and the ASX Listing Rules. The Board makes all Directors, officers and employees aware on appointment that it is prohibited to trade in the Company's securities whilst that Director, 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 in these Financial Statements. Directors are required to report to the Company Secretary any movements in their holdings of Company securities, which are reported to ASX in the required timeframe prescribed by the ASX Listing Rules.

This Trading Policy can be found on the company website.

#### ***Whistleblower Policy***

The Company requires employees who are aware of unethical practices within the Company or breaches of the Company's trading policy to report these using the Company's Whistleblower Policy. This can be done anonymously.

A copy of the Whistleblower Policy is available on the Company's website.

**Principle 4: Safeguard Integrity in Financial reporting**

***Audit Committee (4.1, 4.2, 4.3)***

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.

***External Auditors***

The Company requires external auditors to demonstrate quality and independence. The performance of the external auditor is reviewed and applications for tender of external audit services requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

RSM Bird Cameron Partners were appointed as external auditor in 2003. In accordance with the Corporations Act RSM Bird Cameron Partners' rotates audit engagement partners on listed companies at least every 5 years, and in accordance with that policy a new audit engagement partner was introduced for the year ended 30 June 2008.

**Principle 5 & 6: Making Timely and Balanced Disclosure and Shareholder Communication**

***Continuous Disclosure Policy and Shareholder Communication (5.1, 6.1)***

The Company has developed a Continuous Disclosure Policy which has been endorsed by the Board. The Continuous Disclosure Policy ensures compliance with ASX Listing Rules and Corporations Act obligations to keep the market fully informed of information which may have a material effect on the price or value if its securities and outlines accountability at a senior executive level for that compliance. All ASX announcements are to be posted to the Company website as soon as possible after confirmation of receipt is received from ASX, including all financial reports. The Company encourages 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. All shareholders receive a copy of the Company's annual (full or concise) and half-yearly reports. All company announcements, media briefings, details of company meetings, press releases and financial reports are available on the Company's website.

The Continuous Disclosure Policy and Shareholder Communication Policy can be found on the Company website.

**Principle 7: Recognise and Manage Risk**

The Company is not currently of a size to require the formation of committees. The full Board has the responsibility for the risk management, compliance and internal controls systems of the Company.

***Risk Management (7.1, 7.2)***

The Chairman and Company Secretary, formerly the Managing Director, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. 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 Company 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 Company Secretary, formerly the Managing Director regularly appraises the full Board of the Company as to the effectiveness of the Company's management of its material business 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.

***Assurances from the Managing Director and the Company Secretary/Financial Controller (7.3)***

It is the responsibility of the Board to regularly assess the adequacy of the Company's risk management and 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 (or Chairman in lieu of the position being vacated) 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.

The Chairman and the Company Secretary have declared in writing to the Board that the Company's financial statements for the year ended 30 June 2010 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, that this is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively. This representation is made by the Chairman and Company Secretary/Financial Controller prior to the Director's approval of the release of the annual and half yearly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

The policies on risk management can be found in the Board Charter on the Company website.

**Principle 8: Remunerate Fairly and Responsibly**

***Remuneration Committee (8.1)***

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.

***Remuneration Policy (8.2)***

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.

***Non-Executive Directors***

Non-Executive Directors receive fees which are determined by the Board within the aggregate limit set by the shareholders at a General Meeting. All Non-Executive Directors will receive remuneration by way of fees and receive no retirement benefits excluding statutory superannuation, if applicable. External professional advice will be sought to determine the level of Directors fees to ensure they are appropriate. The Board will determine the level of fees with reference to other comparable listed companies determined by size and nature of operations. Directors' fees should be set at a level to attract suitably qualified individuals to accept the responsibilities of a Directorship. The issue of options to non-executive directors is considered an appropriate method of providing sufficient incentive and reward whilst maintaining cash reserves.

***Executives***

The Executive Officers of the Company during the year were the Managing Director and Company Secretary. The Executive Officers' remuneration is considered to properly reflect the person's duties and responsibilities, and takes account of remuneration levels across the sector.

***Share and Option based remuneration***

The Company may issue options to Executives as it is considered an appropriate method of providing sufficient incentive and reward whilst maintaining cash reserves. Participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements. Details of this policy can be found in the Remuneration Statement on the Company website.

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

**RSM Bird Cameron Partners**

8 St Georges Terrace Perth WA 6000

GPO Box R1253 Perth WA 6844

T +61 8 9261 9100 F +61 8 9261 9111

www.rsmi.com.au

**AUDITOR'S INDEPENDENCE DECLARATION**

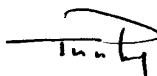
As lead auditor for the audit of the financial report of Lindian Resources Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

*Rsm Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS

Chartered Accountants



TUTU PHONG

Partner

Perth, WA

Dated: 17 September 2010

***Lindian Resources Limited***  
***Statement of Comprehensive Income***  
***For the Year ended 30 June 2010***

	Notes	Consolidated 2010 \$	2009 \$
<b>Revenue</b>			
Finance revenue	2	81,421	82,415
Other revenue	2	27,275	15,493
Total revenue		108,696	97,908
<b>Expenses</b>			
Administration expense		(249,075)	(211,018)
Bad debt expense		(88,076)	-
Depreciation expense	3	(9,439)	(26,454)
Employee benefits expense	3	(182,985)	(333,294)
Exploration expenditure written off	3	(493,738)	(740,982)
Occupancy expense		(3,043)	(2,934)
Foreign exchange loss		(1,032)	-
Total expenses		(1,027,388)	(1,314,682)
<b>Loss before income tax</b>		(918,692)	(1,216,774)
Income tax (expense)/benefit	5	-	-
<b>Net loss for the year</b>		(918,692)	(1,216,774)
<b>Other comprehensive income/(loss)</b>			
Exchange differences on translation of foreign operations		(57,781)	86,891
Income tax relating to components of other comprehensive income		-	-
<b>Other comprehensive income/(loss) for the year</b>		(57,781)	86,891
<b>Total comprehensive income/(loss) for the year</b>		(976,473)	(1,129,883)
<b>Loss for the year is attributable to :</b>			
Lindian Resources Limited		(918,692)	(1,189,687)
Minority Interest	16	-	(27,087)
		(918,692)	(1,216,774)
<b>Total comprehensive loss for the year attributable to:</b>			
Lindian Resources Limited		(976,473)	(1,120,174)
Minority Interest		-	(9,709)
		(976,473)	(1,129,883)
Basic and diluted loss per share	6	(2.20) cents	(3.14) cents

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

***Lindian Resources Limited***  
***Statement of Financial Position***  
***As at 30 June 2010***

	Notes	Consolidated 2010 \$	2009 \$
<b>Current Assets</b>			
Cash and cash equivalents	8	2,215,636	1,514,160
Receivables	9	6,732	11,514
<b>Total Current Assets</b>		<b>2,222,368</b>	<b>1,525,674</b>
<b>Non-Current Assets</b>			
Other financial assets	10	-	99,404
Plant and equipment	11	4,323	10,737
Mineral interest acquisition, exploration and development expenditure	12	803,477	798,365
<b>Total Non-Current Assets</b>		<b>807,800</b>	<b>908,506</b>
<b>Total Assets</b>		<b>3,030,168</b>	<b>2,434,180</b>
<b>Current Liabilities</b>			
Trade and other payables	13	33,600	154,205
<b>Total Current Liabilities</b>		<b>33,600</b>	<b>154,205</b>
<b>Total Liabilities</b>		<b>33,600</b>	<b>154,205</b>
<b>Net Assets</b>		<b>2,996,568</b>	<b>2,279,975</b>
<b>Equity</b>			
Issued capital	14	13,637,134	12,059,878
Option premium reserve	15	1,261,293	1,130,200
Foreign currency translation reserve	15	-	57,781
Accumulated losses		(11,901,859)	(10,983,167)
<b>Capital and Reserves attributable to equity holders of Lindian Resources Limited</b>		<b>2,996,568</b>	<b>2,264,692</b>
Minority interest	16	-	15,283
<b>Total Equity</b>		<b>2,996,568</b>	<b>2,279,975</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

***Lindian Resources Limited***  
***Statement of Changes in Equity***  
***For the year ended 30 June 2010***

**Consolidated**

	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Option Premium Reserve</b>	<b>Foreign Currency Translation Reserve</b>	<b>Minority Equity Interest</b>	<b>Total Equity</b>
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2008</b>	12,063,317	(9,793,480)	1,130,200	(29,110)	42,370	3,413,297
Loss attributable to members of the parent entity	-	(1,189,687)	-	-	(27,087)	(1,216,774)
Currency translation differences	-	-	-	86,891	-	86,891
<b>Total comprehensive loss for the period</b>	-	(1,189,687)	-	86,891	(27,087)	(1,129,883)
Share issue expenses during the year	(3,439)	-	-	-	-	(3,439)
<b>Balance at 30 June 2009</b>	<b>12,059,878</b>	<b>(10,983,167)</b>	<b>1,130,200</b>	<b>57,781</b>	<b>15,283</b>	<b>2,279,975</b>
<b>Balance at 1 July 2009</b>	12,059,878	(10,983,167)	1,130,200	57,781	15,283	2,279,975
Loss attributable to members of the parent entity	-	(918,692)	-	-	-	(918,692)
Currency translation differences	-	-	-	(57,781)	-	(57,781)
<b>Total comprehensive loss for the period</b>	-	(918,692)	-	(57,781)	-	(976,473)
Shares issued during the year	1,719,879	-	-	-	-	1,719,879
Share issue expenses during the year	(142,623)	-	-	-	-	(142,623)
Fair value of options issued	-	-	131,093	-	-	131,093
Elimination of minority interest on disposal of controlled entity	-	-	-	-	(15,283)	(15,283)
<b>Balance at 30 June 2010</b>	<b>13,637,134</b>	<b>(11,901,859)</b>	<b>1,261,293</b>	<b>-</b>	<b>-</b>	<b>2,996,568</b>

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



***Lindian Resources Limited***  
***Statement of Cash Flows***  
***For the year ended 30 June 2010***

---

	Notes	Consolidated 2010 \$	2009 \$
<b>Cash Flows from Operating Activities</b>			
Cash payments in the course of operations		(423,222)	(559,766)
Interest received		77,169	82,415
<b>Net Cash used in Operating Activities</b>	21 (a)	<b>(346,053)</b>	<b>(477,351)</b>
<b>Cash Flows from Investing Activities</b>			
Payments for exploration and development expenditure		(658,192)	(468,477)
Payments for property, plant and equipment		(3,025)	-
Proceeds on disposal of property, plant and equipment		-	31,086
<b>Net Cash used in Investing Activities</b>		<b>(661,217)</b>	<b>(437,391)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		1,719,879	-
Proceeds from issue of options		126,093	-
Share issue expenses		(136,193)	(2,008)
<b>Net cash provided by / (used in) Financing Activities</b>		<b>1,709,779</b>	<b>(2,008)</b>
<b>Net Increase / (Decrease) in Cash Held</b>		<b>702,509</b>	<b>(916,750)</b>
Cash and cash equivalents at the beginning of the financial year		1,514,160	2,428,436
Effect of foreign exchange on cash		(1,033)	2,474
<b>Cash and cash equivalents at the end of the Financial Year</b>	8	<b>2,215,636</b>	<b>1,514,160</b>

The above statement of cash flows 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').

### **Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and was authorised for issue on 17 September 2010. The company is a listed public company, incorporated in Australia and operating in Australia and Africa.

### **Basis of Consolidation**

A controlled entity is any entity over which Lindian Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 10 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the equity section of the consolidated statement of financial position and in the consolidated statement of comprehensive income.

### **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:

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Significant accounting judgments, estimates and assumptions - continued**

*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 mineral reserves.

*Share-based payment transactions:*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

**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 statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents 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 reporting date.

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

The functional currency of the overseas subsidiary was 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 reporting date and the statement of comprehensive income are translated at the weighted average exchange rates for the reporting period.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Foreign currency transactions and balances - continued**

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 statement of comprehensive income.

**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 reporting date.

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

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

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; 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 reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

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

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**

**Taxes - 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 statement of financial position.

Cash flows are presented in the statement of cash flows 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 statement of financial position.

**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 statement of comprehensive income 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 or loss 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 or loss 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.

**Adoption of new and revised standards**

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies, except as noted below.

***AASB 3 Business Combinations (revised 2008) and AASB 127 Consolidated and Separate Financial Statements (revised 2008)***

AASB 3 (revised 2008) introduces significant changes in the accounting for business combinations occurring after 1 July 2009. Changes affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

AASB 127 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised Standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary. The changes in AASB 3 (revised 2008) and AASB 127 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests. The change in accounting policy was applied prospectively and had no material impact on earnings per share.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

*AASB 8 Operating Segments*

The Group has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in an increase in the number of reportable segments presented. There has been no change to the way goodwill is allocated. There has been no other impact on the measurement of the company’s assets and liabilities and no restatement of 2009 comparatives has been necessary.

*AASB 101 Presentation of Financial Statements*

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

**New accounting standards for application in future periods**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group’s assessment of these new standards and interpretations is set out below:

New / revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Impact of new standard on the financial report	Likely impact
<b>Accounting Standards</b>					
AASB 9 Financial Instruments	AASB 139 Financial Instruments: Recognition and Measurement (part)	AASB 9 introduces new requirements for the classification and measurement of financial assets. AASB 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in AASB 139 and removes the impairment requirement for financial assets held at fair value.	31 December 2013	AASB 9 amends the classification and measurement of financial assets; the effect on the entity will be that more assets are held at fair value and the need for impairment testing has been limited to assets held at amortised cost only.	Unlikely to have significant impact.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9					
AASB 124 Related Party Disclosures	AASB 124 Related Party Disclosures	This revision amends the disclosure requirements for government related entities and the definition of a related party.	31 December 2011	Since the entity is not a government related entity; there is not expected to be any changes arising from this standard.	Unlikely to have significant impact.
AASB 2009-12 Amendments to Australian Accounting Standards arising from AASB 124.					

***Lindian Resources Limited***  
***Notes to the Financial Statements***  
***For the Year ended 30 June 2010***

New / revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Impact of new standard on the financial report	Likely impact
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	N/a	Makes various amendments to a number of standards and interpretations in line with the IASB annual improvements project.	31 December 2010	Unlikely to have significant impact on the financial report.	Unlikely to have significant impact.
AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters	AASB 1 First Time adoption of Australian Equivalents to International Financial Reporting Standards (June 2007)	AASB 2009-9 makes amendments to ensure that entities applying Australian Accounting Standards for the first time will not face undue cost or effort in the transition process in particular situations.	31 December 2010	As this is not the first year of adoption of IFRSs, these amendments will not have any impact on the entity's financial report	No impact for entities who are applying IFRS.
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues	AASB 132 Financial Instruments: Presentation	AASB 2009-10 makes amendments which clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its non-derivative equity instruments.	31 January 2011	As the entity does not have any rights, options or warrants to acquire their own equity instruments, these amendments will not have any impact on the entity's financial report.	Unlikely to have significant impact.
AASB 2009-13 Amendments to AASB 1 arising from Interpretation 19	Interpretation 19	This standard amends AASB 1 to allow a first-time adopter to use the transitional provisions in Interpretation 19.	30 June 2011	As the entity is not a first-time adopter of IFRS, this standard will not have any impact.	Unlikely to have significant impact.
AASB 2010-01 Limited exemption from comparative AASB 7 disclosures for first time adopters (Amendments to AASB 1 and AASB 7)	AASB 1: First-time adoption of Australian Accounting Standards  AASB 7 Financial instruments: Disclosures	These amendments principally give effect to extending the transition provisions of AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments to first-time adopters of Australian Accounting Standards.	30 June 2011	As the entity is not a first-time adopter of IFRS, this standard will not have any impact.	No impact.

***Lindian Resources Limited***  
***Notes to the Financial Statements***  
***For the Year ended 30 June 2010***

New / revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date (i.e. annual reporting periods ending on or after)	Impact of new standard on the financial report	Likely impact
IFRS Annual Improvements 2010 (May 2010)	Various	Makes various amendments to a number of standards and interpretations.	Application dates either 30 June 2011 or 31 December 2011.	Unlikely to have significant impact on the financial report.	Unlikely to have significant impact.

**Australian Accounting Interpretations**

Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	N/A	This interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. These transactions are sometimes referred to as 'debt for equity swaps'.	30 June 2011	As the entity has not renegotiated any financial liabilities into equity instruments this interpretation is not expected to have any impact on the entity's financial report.	Unlikely to have significant impact.
AASB 2009-14 Prepayments of a Minimum Funding Requirement (Amendments to Interpretation 14)	N/A	This amendment to Interpretation 14 addresses the unintended consequences that can arise from the previous requirements when an entity prepaids future contributions into a defined benefit pension plan.	31 December 2011	As the entity does not have a defined benefit pension plan this amendment to Interpretation 14 is not expected to have any impact on the entity's financial report.	No impact.

**Critical judgements**

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.

During the financial year, the Company disposed of its investment in Coexco Sprl for nominal value and as a consequence the Company does not retain any interest in the Bafwasende project. The directors have written off exploration expenditure of \$493,738 which was previously capitalised on the Bafwasende project.

***Lindian Resources Limited***  
***Notes to the Financial Statements***  
***For the Year ended 30 June 2010***

---

	Notes	Consolidated 2010 \$	2009 \$
<b>2. REVENUE</b>			
Interest revenue		<u>81,421</u>	<u>82,415</u>
Foreign exchange gain		27,275	2,475
Gain on sale of assets		<u>-</u>	<u>13,018</u>
		<u>27,275</u>	<u>15,493</u>

**3. EXPENSES**

Loss before income tax has been determined after:

**Expenses**

Depreciation of plant and equipment		9,439	26,454
Exploration expenditure written off		493,738	740,982
<i>Employee benefits expense</i>			
Director salaries, fees and superannuation		172,085	209,059
Employee salaries, fees and superannuation		<u>10,900</u>	<u>124,235</u>
		<u>182,985</u>	<u>333,294</u>

**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		<u>21,000</u>	<u>18,000</u>
		<u>21,000</u>	<u>18,000</u>

***Lindian Resources Limited***  
***Notes to the Financial Statements***  
***For the Year ended 30 June 2010***

---

	Notes	Consolidated 2010 \$	2009 \$
<b>5. INCOME TAX EXPENSE</b>			
(a) The prima facie tax benefit at 30% on loss is reconciled to the income tax provided in the financial statements as follows:			
Loss		<b>(918,692)</b>	(1,216,774)
Prima facie income tax benefit @ 30%		<b>(275,608)</b>	(365,032)
Non-deductible (Other deductible) expenses		<b>93,755</b>	127,074
Deferred tax asset not brought to account		<b>181,853</b>	237,958
Income tax benefit reported in the consolidated statement of comprehensive income		<u>-</u>	<u>-</u>
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		<u>42,787</u>	1,031
		<u>42,787</u>	<u>1,031</u>
(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		<u>2,653,350</u>	2,579,347

The Group has tax losses arising in Australia of \$8,844,502 (2009: \$8,597,822) 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 in realising the benefit.

***Lindian Resources Limited***  
***Notes to the Financial Statements***  
***For the Year ended 30 June 2010***

---

**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.

	<b>Consolidated</b>	
	<b>2010</b>	2009
	<b>cents</b>	cents
Basic earnings/(loss) per share	<b>(2.20)</b>	(3.14)
Diluted earnings/(loss) per share	<b>(2.20)</b>	(3.14)

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

	<b>2010</b>	2009
	<b>\$</b>	\$
Net loss	<b>(918,692)</b>	(1,189,687)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<b>41,799,004</b>	37,828,022

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.

***Lindian Resources Limited***  
***Notes to the Financial Statements***  
***For the Year ended 30 June 2010***

**7. SEGMENT INFORMATION**

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded during the year, Lindian Resources Limited operated in the mineral exploration industry within the geographical segments, Australia, Guinea and the Democratic Republic of Congo.

	<b>Mineral Exploration 2010 \$</b>	<b>Mineral Exploration 2009 \$</b>	<b>Consolidated 2010 \$</b>	<b>Consolidated 2009 \$</b>
<b>Business segments</b>				
<b>Revenue</b>				
Operating revenue	-	-	-	-
Other external revenue	<b>108,696</b>	97,908	<b>108,696</b>	97,908
<b>Total segment revenue</b>	<b>108,696</b>	97,908	<b>108,696</b>	97,908
<b>Results</b>				
Operating loss before income tax	<b>918,692</b>	1,216,774	<b>918,692</b>	1,216,774
Income tax expense			-	-
Net loss			<b>918,692</b>	1,216,774
<b>Non-Cash Expenses</b>				
Depreciation	<b>9,439</b>	26,454	<b>9,439</b>	26,454
Non-cash expenses other than depreciation	<b>581,814</b>	740,982	<b>581,814</b>	740,982
<b>Assets</b>				
Segment assets	<b>3,030,168</b>	2,434,180	<b>3,030,168</b>	2,434,180
Non-current assets acquired	<b>537,874</b>	555,492	<b>537,874</b>	555,492
<b>Liabilities</b>				
Segment liabilities	<b>33,600</b>	154,205	<b>33,600</b>	154,205

	<b>Australia 2010 \$</b>	<b>Australia 2009 \$</b>	<b>Africa 2010 \$</b>	<b>Africa 2009 \$</b>	<b>Consolidated 2010 \$</b>	<b>Consolidated 2009 \$</b>
<b>Revenue</b>	<b>108,696</b>	97,908	-	-	<b>108,696</b>	97,908
<b>Assets</b>	<b>2,225,948</b>	1,536,125	<b>804,220</b>	898,055	<b>3,030,168</b>	2,434,180
<b>Major Customers</b>	-	-	-	-	-	-

***Lindian Resources Limited***  
***Notes to the Financial Statements***  
***For the Year ended 30 June 2010***

	Notes	Consolidated	
		2010	2009
		\$	\$
<b>8. CASH AND CASH EQUIVALENTS</b>			
Cash at bank and on hand		41,391	43,108
Short term deposits		2,174,245	1,471,052
		<u>2,215,636</u>	<u>1,514,160</u>

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

**(i) Reconciliation to Statement of Cash flows:**

For the purposes of the statement of cash flows, 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 statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	<u>2,215,636</u>	<u>1,514,160</u>
---------------------------	------------------	------------------

**9. RECEIVABLES**

**Current**

Trade and other receivables	<u>6,732</u>	<u>11,514</u>
-----------------------------	--------------	---------------

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.

**10. OTHER FINANCIAL ASSETS (Non-Current)**

Security deposits	-	99,404
	<u>-</u>	<u>99,404</u>

**(a) Particulars in relation to subsidiaries**

Name of subsidiary	Notes	Place of Incorporation	Consolidated Entity Interest 2010	Consolidated Entity Interest 2009
<b>Parent Entity</b>			%	%
Lindian Resources Limited		Australia		
<b>Subsidiaries</b>				
(i) Lindian Resources Guinea Pty Ltd		Australia	100	100
(ii) Congolese Exploration Company Sprl ("Coexco")		Democratic Republic of Congo	-	80



***Lindian Resources Limited***  
***Notes to the Financial Statements***  
***For the Year ended 30 June 2010***

---

	Notes	Consolidated 2010 \$	2009 \$
<b>11. PLANT AND EQUIPMENT</b>			
Plant and equipment - at cost		32,725	29,700
Accumulated depreciation		(28,402)	(18,963)
Total plant and equipment net book value		4,323	10,737

***Reconciliation:***

Balance at the beginning of the year		10,737	55,259
Additions		3,025	-
Disposals		-	(18,068)
Depreciation		(9,439)	(26,454)
Carrying amount at the end of the year		4,323	10,737

**12. MINERAL INTEREST ACQUISITION,  
EXPLORATION AND DEVELOPMENT  
EXPENDITURE**

Balance at the beginning of the year		798,365	875,703
Expenditure incurred during the period		534,849	592,068
Costs written-off		(493,738)	(740,982)
Foreign translation movement		(35,999)	71,576
Carried forward		803,477	798,365

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, at amounts at least equal to book value.

**13. TRADE AND OTHER PAYABLES**

**Current**

Trade creditors		20,559	13,557
Accrued expenses		13,041	140,648
		33,600	154,205

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.

***Lindian Resources Limited***  
***Notes to the Financial Statements***  
***For the Year ended 30 June 2010***

	Notes	Consolidated	
		2010	2009
		\$	\$
<b>14. ISSUED CAPITAL</b>			
<b>(a) Issued and paid-up share capital</b>			
43,578,473 (2009: 37,878,022) ordinary shares, fully paid		<b>13,637,134</b>	12,059,878

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	<b>37,828,022</b>	37,828,022	<b>12,059,878</b>	12,063,317
Share placement issue at \$0.30 each (i)	<b>5,670,336</b>	-	<b>1,701,101</b>	-
Options converted to shares during year	<b>80,115</b>	-	<b>18,779</b>	-
Transaction costs on share issue	-	-	<b>(142,624)</b>	(3,439)
Balance at the end of the year	<b>43,578,473</b>	37,828,022	<b>13,637,134</b>	12,059,878

(i) On 20 October 2009, the Company issued 5,670,336 ordinary shares at 30 cents each.

**(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 2009	Options Issued 2009/10	Options Exercised/ Cancelled/ Expired 2009/10	Closing Balance 30 June 2010
			<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
On or before 31 December 2010		\$0.20	495,000	-	-	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 (i)		\$0.30	17,381,879	500,000	(17,881,879)	-
On or before 30 September 2010		\$0.30	200,000	-	-	200,000
On or before 30 September 2010		\$0.35	350,000	-	-	350,000
On or before 31 December 2011		\$0.30	500,000	-	-	500,000
On or before 31 December 2011 (ii)		\$0.15	-	12,609,341	(35,034)	12,574,307
			<b>22,926,879</b>	<b>13,109,341</b>	<b>(20,916,913)</b>	<b>15,119,307</b>

(i) Following shareholder approval at the annual general meeting on 25 November 2009, the Company granted 500,000 listed options (LINO) to CPS Securities Pty Ltd as part of the share placement fee for the completion of a share placement in October 2009.

(ii) In July 2009, the Company completed a pro-rata (on the basis of one option for every three shares held) non-renounceable entitlement issue of options (LINO) (at a price of 0.5 cents each). 12,609,341 options were allotted and dispatched on 4 August 2009.

## **14. ISSUED CAPITAL – continued**

### **(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.

## **15. RESERVES**

### **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.

<b>Notes</b>	<b>Consolidated</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>

## **16. MINORITY INTEREST**

Interest in:

Share capital	-	42,370
Accumulated losses	-	(27,087)
	-	15,283

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

	<b>2010 Number of options</b>	<b>2010 Weighted average exercise price</b>	<b>2009 Number of options</b>	<b>2009 Weighted average exercise price</b>
Outstanding at the beginning of the year	6,545,000	28 cents	6,545,000	28 cents
Granted during the year	500,000	30 cents	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(4,500,000)	30 cents	-	-
Outstanding at the end of the year	2,545,000	25 cents	6,545,000	28 cents
Exercisable at the end of the year	2,545,000		6,545,000	

The fair value of listed options issued is calculated by reference to the market value of the options trading on the Australian Securities Exchange on or around the date of grant.

## **18. FINANCIAL INSTRUMENTS**

### **Overview**

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the 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.

	<b>Notes</b>	<b>Consolidated</b>	
		<b>2010</b>	<b>2009</b>
		<b>\$</b>	<b>\$</b>
Cash and cash equivalents	8	<b>2,215,636</b>	1,514,160
Trade and other receivables	9	<b>6,732</b>	11,514
Other financial assets	10	-	99,404
Total Financial Assets		<u><b>2,222,368</b></u>	<u>1,625,078</u>
 Total Financial Liabilities	 13	 <u><b>33,600</b></u>	 <u>154,205</u>

### **(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.

### **(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.

## **18. FINANCIAL INSTRUMENTS - continued**

### **(b) Liquidity Risk - continued**

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:

	Notes	Average rate		Reporting date spot rate	
		2010	2009	2010	2009
		\$	\$	\$	\$
United States Dollar		0.88	0.75	-	0.80

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

Functional currency of group entity	Notes	Net Financial Assets/(Liabilities) in AUD	
		30 June 2010	30 June 2009
		\$	\$
United States Dollar		-	475,546

#### **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:

	Consolidated Profit	Equity
	\$	\$
<b>Year ended 30 June 2010</b>		
+/-10% in \$A/\$US	-	-
<b>Year ended 30 June 2009</b>		
+/-10% in \$A/\$US	-	11,263

***Lindian Resources Limited***  
***Notes to the Financial Statements***  
***For the Year ended 30 June 2010***

**18. FINANCIAL INSTRUMENTS - continued**

**Foreign currency risk sensitivity analysis - continued**

(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 did not have any fixed rate instruments at reporting date.

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

	<b>Consolidated Carrying Amount</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<i>Variable rate Instruments at call</i>		
Financial assets	<b>2,215,636</b>	1,514,160
Financial liabilities	-	-
	<b>2,215,636</b>	1,514,160

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.

The following table summarises interest rate risk for the Group, together with effective interest rates as at reporting date.

**Consolidation**

<b>2010</b>	<b>Weighted average effective interest rate</b>	<b>Floating interest rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets:</b>				
Current:				
Cash at bank	5.71%	2,215,199	437	2,215,636
Receivables		-	6,732	6,732
<b>Total Financial Assets</b>		<b>2,215,199</b>	<b>7,169</b>	<b>2,222,368</b>
<b>Financial Liabilities:</b>				
Current:				
Accounts payable		-	33,600	33,600
<b>Total Financial Liabilities</b>		<b>-</b>	<b>33,600</b>	<b>33,600</b>
<b>2009</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets:</b>				
Current:				
Cash at bank	2.75%	1,514,160	-	1,514,160
Receivables		-	11,514	11,514
Non current:				
Deposit		-	99,404	99,404
<b>Total Financial Assets</b>		<b>1,514,160</b>	<b>110,918</b>	<b>1,625,078</b>
<b>Financial Liabilities:</b>				
Current:				
Accounts payable		-	154,205	154,205
<b>Total Financial Liabilities</b>		<b>-</b>	<b>154,205</b>	<b>154,205</b>

## **18. FINANCIAL INSTRUMENTS - continued**

(iii) Cash flow sensitivity analysis for variable rate instruments

### **Consolidated**

At 30 June 2010, a change in interest rates would only affect variable rate deposits and cash balances resulting in a decrease or increase in overall income.

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 2010 from around 5.71% to 6.28% (10% decrease: 5.14%) representing a 57 basis points shift.

At 30 June, the effect on loss and equity as a result of changes in interest rates, with all other variables remaining constant is as follows:

	<b>Consolidated</b>	
	<b>Profit</b>	<b>Equity</b>
	<b>\$</b>	<b>\$</b>
<b>Year ended 30 June 2010</b>		
+/-10% in interest rates	+/- 12,647	+/- 12,647
<b>Year ended 30 June 2009</b>		
+/-10% in interest rates	+/- 4,163	+/- 4,163

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 reporting date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to 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.

	<b>Consolidated</b>	
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
Within one year	<b>181,761</b>	390,758
One year or later and not later than five years	<b>82,543</b>	611,075
Later than five years	-	-
	<b>264,304</b>	1,001,833

## **20. CONTINGENT LIABILITIES**

There were no contingent liabilities of the consolidated entity not provided for in the financial statements at 30 June 2010.

## **21. STATEMENTS OF CASH FLOWS**

### **(a) Reconciliation of the loss to net cash used in operating activities**

Loss after income tax	<b>(918,692)</b>	(1,216,774)
Add back non-cash items:		
Depreciation	<b>9,439</b>	26,454
Bad debt expense	<b>88,076</b>	-
Foreign currency loss/(gain)	<b>(24,706)</b>	(3,360)
Gain on sale of property, plant and equipment	-	(13,018)
Exploration costs written-off	<b>493,738</b>	740,982
Change in assets and liabilities:		
Decrease in receivables	<b>4,782</b>	280
Decrease in payables	<b>1,310</b>	(11,915)
<b>Net cash used in operating activities</b>	<b>(346,053)</b>	(477,351)

### **(b) Non-Cash Financing and Investing Activities**

There were no non-cash financing or investing activities during the current year.

### **(c) Disposal of Entities**

During the year the controlled entity Congolese Exploration Company Sprl was liquidated with nil asset or liabilities recovered or paid.

An operating loss of \$474,288 after income tax was attributable to members of the parent entity.



## **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 – resigned 20 August 2010  
 Mr Patrick Flint – resigned 19 February 2010  
 Mr Anthony Cunningham  
 Mr Andrew Philips – appointed 19 February 2010

#### **Senior Managers**

Mr Paul Jurman

#### **Managing Director**

Mr Gregory Smith – resigned 19 February 2010

### **(b) Key management personnel remuneration**

	<b>Consolidated</b>	
	<b>2010</b>	<b>2009</b>
	\$	\$
Short-term personnel benefits	192,309	217,859
	<u>192,309</u>	<u>217,859</u>

### **(c) 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.

### **(d) Compensation options: Granted and vested during the year (Consolidated)**

No options were granted during the current year or prior year as compensation benefits to key management personnel.

### **(e) Shares issued on Exercise of Compensation Options (Consolidated)**

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

### **(f) Option holdings of Key Management Personnel (Consolidated)**

	Balance at beginning of period	Granted as remuneration	Options exercised	Net change Other (i - vi)	Balance at end of period	Vested as at 30 June 2010		
30 June 2010						Total	Exercisable	Not Exercisable
<b>Directors</b>								
R N Gillard (ii)	1,676,103	-	-	(635,089)	1,041,014	1,041,014	1,041,014	-
G L Smith (i, iii)	1,366,976	-	-	(367,333)	-	-	-	-
P J Flint (i, iv)	1,493,603	-	-	(550,255)	-	-	-	-
A R Cunningham (v)	100,000	-	-	178,250	278,250	278,250	278,250	-
A Philips (i)	N/A	-	-	185,000	185,000	185,000	185,000	-
<b>Senior managers</b>								
P Jurman	350,000	-	-	100,001	450,001	450,001	450,001	-
	4,986,682	-	-	(1,089,426)	1,954,265	1,954,265	1,954,265	-

(i) Mr Smith and Mr Flint resigned, and Mr Philips was appointed, as directors during the year.

***Lindian Resources Limited***  
***Notes to the Financial Statements***  
***For the Year ended 30 June 2010***

**22. DIRECTOR AND EXECUTIVE DISCLOSURES - continued**

- (ii) Mr Gillard received 270,181 options due to his participation in the non-renounceable entitlements issue of one option for every three shares held. He received a further 500,000 options for sub-underwriting the shortfall arising from the non-renounceable entitlements issue. 1,405,270 options expired during the financial year.
- (iii) Mr Smith received 244,652 options due to his participation in the non-renounceable entitlements issue of one option for every three shares held. He received a further 754,991 options for sub-underwriting the shortfall arising from the non-renounceable entitlements issue. 1,366,976 options expired during the financial year.
- (iv) Mr Flint received 172,515 options due to his participation in the non-renounceable entitlements issue of one option for every three shares held. He received a further 500,000 options for sub-underwriting the shortfall arising from the non-renounceable entitlements issue. 1,222,770 options expired during the financial year.
- (v) Mr Cunningham received 33,334 options due to his participation in the non-renounceable entitlements issue of one option for every three shares held. He received a further 244,916 options for sub-underwriting the shortfall arising from the non-renounceable entitlements issue. 100,000 options expired during the financial year.
- (vi) Mr Jurman received 100,001 options due to his participation in the shortfall arising out of the non-renounceable entitlements issue of one option for every three shares held.

	Balance at beginning of period	Granted as remuneration	Options exercised	Net change Other (i)	Balance at end of period	Vested as at 30 June 2009		
30 June 2009						Total	Exercisable	Not Exercisable
<b>Directors</b>								
R N Gillard	1,676,103	-	-	-	1,676,103	1,676,103	1,676,103	-
G L Smith	1,366,976	-	-	-	1,366,976	1,366,976	1,366,976	-
P J Flint	1,493,603	-	-	-	1,493,603	1,493,603	1,493,603	-
G J Argyle (i)	585,000	-	-	-	-	-	-	-
A R Cunningham (i)	N/A	-	-	100,000	100,000	100,000	100,000	-
<b>Senior managers</b>								
P Jurman	350,000	-	-	-	350,000	350,000	350,000	-
	5,471,682	-	-	100,000	4,986,682	4,986,682	4,986,682	-

- (vii) Mr Argyle resigned, and Mr Cunningham was appointed, as a director during the year.

**(g) Number of shares held by Key Management Personnel**

30 June 2010	Balance 01 July 2009	Granted as remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2010
	Ord	Ord	Ord	Ord	Ord
<b>Directors</b>					
R N Gillard	810,541	-	-	1,354,167	2,164,708
G L Smith (i)	733,952	-	-	-	-
P J Flint (i)	517,541	-	-	-	-
A R Cunningham	100,000	-	-	350,000	450,000
A Philips (i)	-	-	-	783,000	783,000
<b>Senior managers</b>					
P Jurman	-	-	-	-	-
	2,162,034	-	-	2,487,167	3,397,708

- (i) Mr Smith and Mr Flint resigned, and Mr Philips was appointed, as directors during the year.

***Lindian Resources Limited***  
***Notes to the Financial Statements***  
***For the Year ended 30 June 2010***

**22. DIRECTOR AND EXECUTIVE DISCLOSURES - continued**

**(g) Number of shares held by Key Management Personnel - continued**

	Balance 01 July 2008	Granted as remuneration	On Exercise of Options	Net Change (i)	Other	Balance 30 June 2009
30 June 2009	Ord	Ord	Ord	Ord		Ord
<b>Directors</b>						
R N Gillard	810,541	-	-	-	-	810,541
G L Smith	733,952	-	-	-	-	733,952
P J Flint	517,541	-	-	-	-	517,541
G J Argyle (i)	-	-	-	-	-	-
A R Cunningham (i)	N/A	-	-	-	100,000	100,000
<b>Senior managers</b>						
P Jurman	-	-	-	-	-	-
	2,062,034	-	-	-	100,000	2,162,034

(i) Mr Argyle resigned, and Mr Cunningham was appointed, as a director during the year.

**(h) 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 \$57,575 (2009: 54,622) during the reporting period. Mr Gillard and Mr Flint are directors of and have a beneficial interest in CCPL.

Ledgar Road Partnership charges rent at commercial rates, totalling \$3,043 (2009: 2,934) for the period. Mr Gillard has a beneficial interest in the Ledgar Road Partnership.

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 consolidated entity since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year-end.

**(i) 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 Notes 10 and 9 respectively.

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.

***Lindian Resources Limited***  
***Notes to the Financial Statements***  
***For the Year ended 30 June 2010***

---

**24. PARENT ENTITY DISCLOSURES**

**(a) Summary financial information**

*Financial Position*

	<b>2010</b>	<b>Parent</b>	<b>2009</b>
	<b>\$</b>		<b>\$</b>
Current Assets	<b>2,221,625</b>		1,525,389
Total Non-Current Assets	<b>812,269</b>		863,826
<b>Total Assets</b>	<b>3,033,894</b>		2,389,215
<b>Total Current Liabilities</b>	<b>33,600</b>		153,957
<b>Total Liabilities</b>	<b>33,600</b>		153,957
<b>Net Assets</b>	<b>3,000,294</b>		2,235,258
<b>Equity</b>			
Issued capital	<b>13,637,134</b>		12,059,878
Option premium reserve	<b>1,261,293</b>		1,130,200
Accumulated losses	<b>(11,898,133)</b>		(10,954,820)
<b>Total Equity</b>	<b>3,000,294</b>		2,235,258

*Financial Performance*

	<b>2010</b>	<b>Parent</b>	<b>2009</b>
	<b>\$</b>		<b>\$</b>
(Loss) for the year after income tax	<b>(943,313)</b>		(1,156,031)
Other comprehensive (loss)	-		-
<b>Total comprehensive (loss)</b>	<b>(943,313)</b>		(1,156,031)

**(b) Guarantees entered into by the parent entity in relation to the debts of its subsidiary**

Lindian Resources Limited has not entered into any guarantees in relation to the debts of its subsidiary.

**(c) Contingent liabilities of the parent**

The parent entity did not have any contingent liabilities as at 30 June 2010 or 30 June 2009.

**(d) Contractual commitments for the acquisition of property, plant or equipment**

As at 30 June 2010 (30 June 2009 – \$Nil), the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

***Lindian Resources Limited***  
***Directors' Declaration***  
***30 June 2010***

---

In the opinion of the Directors:

- (a) The accompanying financial statements and the notes and the additional disclosures included in the directors' report designated as audited of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended that date; and
  - (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as disclosed in Note 1.

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 2010.

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



T Cunningham  
Chairman

Dated at Perth, 17 September 2010

**RSM Bird Cameron Partners**  
8 St George's Terrace Perth WA 6000  
GPO Box R1253 Perth WA 6844  
T +61 8 9261 9100 F +61 8 9261 9111  
www.rsmi.com.au

**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, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 consolidated 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.

Liability limited by a  
scheme approved  
under Professional  
Standards Legislation

Major Offices in:  
Perth, Sydney, Melbourne,  
Adelaide and Canberra  
ABN 36 965 185 036

RSM Bird Cameron Partners is an independent member firm of RSM International, an affiliation of independent accounting and consulting firms. RSM International is the name given to a network of independent accounting and consulting firms each of which practices in its own right. RSM International does not exist in any jurisdiction as a separate legal entity.



*Auditor's Independence Declaration*

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 consolidated entity's financial position as at 30 June 2010 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 which is included within the directors' report for the financial year ended 30 June 2010. 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 2010 complies with section 300A of the *Corporations Act 2001*.

*Rsm Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS  
Chartered Accountants



TUTU PHONG  
Partner

Perth, WA  
Dated: 17 September 2010

**TENEMENT DIRECTORY**

**Mineral tenements held at 15 September 2010 are as follows:**

<b>Project</b>	<b>Tenement Reference</b>	<b>Company Interest %</b>	<b>Status / Comment</b>
Dinguiraye Iron and PGE / base metal project in Guinea, Africa.	A 2009/017/DIGM/CPDM Exploration Licence ("EL")	92%	Granted 18/3/2009
	A 2009/138/DIGM/CPDM Exploration Licence ("EL")	92%	Granted 11/9/2009

**Notes**

1. The governments of African countries in which the Company holds minerals interests are entitled to equity in mining companies owning projects as follows – Guinea 15%. Lindian's quoted equity is before allowance for that national interest, which occurs when a new project company is established prior to commencement of mining.
2. The granting of both Exploration Licences was facilitated in Guinea by Adem sarl ("Adem") and Corporate & Resources Consultants Pty Ltd ("CRCPL"). Adem received a cash payment of US\$40,000 following the granting of both licences, and Adem and CRC will each receive a cash payment of US\$35,000 on 18 March 2011 (provided the Company continues to hold the licence).

Adem and CRC also each have a 4% interest in this exploration licence, carried to production. The Company has the right (but not the obligation) to buy half (2%) of each parties interest upon completion of a feasibility study by payment to each party of US\$1.5 million (comprising US\$1 million in cash and US\$0.5 million in shares).



***Lindian Resources Limited***  
***Additional Shareholder Information***

The shareholder information set out below was applicable as at 15 September 2010.

**Distribution of Holders of Equity Securities**

<b>Size of Holding</b>	<b>Ordinary Shares</b>	<b>Options (LINO)</b>
1 to 1,000	476	61
1,001 to 5,000	487	55
5,001 to 10,000	150	24
10,001 to 100,000	234	54
100,001 and over	61	30
	<u>1,408</u>	<u>224</u>

The number of shareholdings comprising less than a marketable parcel was 997.

**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 15 September 2010**

	<b>Number of Shares</b>	<b>% Held</b>
ANZ Nominees Limited <Cash Income A/C>	6,914,577	15.87
Corporate & Resource Consultants Pty Ltd	1,927,084	4.42
Amalgamation Sale and Takeover Consultants Pty Ltd < RN & MK Gillard A/C>	1,692,708	3.88
Mr Michael Robert Franco + Mr Robert Mario Franco + Miss Laura Michelle Franco	1,500,000	3.44
HSBC Custody Nominees (AUSTRALIA) Limited	1,410,625	3.24
Mikado Corporation Pty Ltd <JFC Superannuation Fund A/c>	1,156,828	2.65
Eurogold Limited	1,000,000	2.29
Shah Nominees Pty Ltd <Louis Carsten Super Fund A/C>	800,000	1.84
Eagle River Holdings Pty Ltd	783,000	1.80
Nefco Nominees Pty Ltd	675,115	1.55
Stevsand Investments Pty Ltd	660,000	1.51
National Nominees Limited	616,000	1.41
Crestline Investments Pty Ltd	600,952	1.38
Manikato Financial Services Pty Ltd	581,640	1.33
Mr Alfonso Di Lanzo	566,000	1.30
Mr John Francis Corr <The Bawnlusk Portfolio A/C>	506,000	1.16
Dr Todd Andrew Silbert	500,000	1.15
Mr Thomas Francis Corr	468,313	1.07
Ms Nicole Joan Gallin	443,050	1.02
Mr David Argyle	417,411	0.96
	<u>23,219,303</u>	<u>53.27</u>

***Lindian Resources Limited***  
***Additional Shareholder Information***

<b>Twenty Largest Optionholders as at 15 September 2010 Options Expiring 31 December 2011 (ASX code: LINO)</b>	<b>Number of Options</b>	<b>% Held</b>
ANZ Nominees Limited <Cash Income A/C>	1,605,365	12.77
Corporate & Resource Consultants Pty Ltd	1,519,098	12.08
Mr Gregory Lowell Smith + Mrs Charmaine Smith <Greg Smith Super A/c>	799,325	6.36
Mr Noel David McEvoy + Mrs Shelley Dawn McEvoy <The ND McEvoy Super Fund A/c>	550,000	4.37
Mr Patrick Flint	502,334	3.99
Mr Michael Robert Franco + Mr Robert Mario Franco + Miss Laura Michelle Franco	500,000	3.98
Mr Thomas Francis Corr	500,000	3.98
Mr Michael John King	500,000	3.98
Amalgamation Sale and Takeover Consultants Pty Ltd < Super Fund A/C>	315,000	2.51
Amalgamation Sale and Takeover Consultants Pty Ltd < RN & MK Gillard A/C>	309,000	2.46
Cunningham Peterson Sharbarnee Securities Pty Ltd	303,334	2.41
Albatross Pass Pty Ltd	278,250	2.21
Stevsand Investments Pty Ltd	220,000	1.75
Crestline Investments Pty Ltd	200,318	1.59
Mikado Corporation Pty Ltd <JFC Superannuation Fund A/c>	196,834	1.57
Manikato Financial Services Pty Ltd	193,880	1.54
Mr Alfonso Di Lanzo	188,667	1.50
Mark Anderson Pty Ltd <Mark Anderson Super Fund A/c>	185,884	1.48
Eagle River Holdings Pty Ltd	185,000	1.47
Mr John Francis Corr	166,667	1.32
	<b>9,218,956</b>	<b>73.32</b>

**Unquoted Options**

Unquoted options on issue at 15 September 2010 were as follows:

<b>Refer Note</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Exercise Periods/ Expiry Dates</b>	<b>Number of Holders</b>
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	200,000	30 cents	On or before 30 September 2010	1
4	350,000	35 cents	On or before 30 September 2010	1
5	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:

<b>Note</b>	<b>Name</b>	<b>Number of Options Held</b>	<b>% of Options Held</b>
1	Gavin Argyle	330,000	66.67
2	Corporate & Resource Consultants Pty Ltd	1,000,000	100
3	Guy Scherrer	200,000	100
4	Paul Jurman	350,000	100
5	John V Hamilton	500,000	100