



ABN 53 090 772 222

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR
ENDED 31 DECEMBER 2007**

CORPORATE DIRECTORY

Directors and Officers

Reginald Gillard
Chairman

Gregory Smith
Executive Director

Patrick Flint
Non-Executive Director

Gavin Argyle
Non-Executive Director

Paul Jurman
Company Secretary

Principal and Registered Office

30 Ledger Road
Balcatta
Western Australia 6021

Telephone +61 8 9240 2836
Facsimile +61 8 9240 2406

Auditors

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

Telephone +61 8 9261 9100
Facsimile +61 8 9261 9101

Share Registry

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

Telephone +61 1300 557 010
Facsimile +61 8 9323 2033
Website www.computershare.com

ASX Code

Listed on the Australian Stock Exchange under the code LIN and LINO.

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2007.

Directors

The directors of the Company during or since the end of the half-year are listed below. All directors were in office for this entire period unless otherwise stated.

Name

Mr Reginald Gillard
Mr Gregory Smith
Mr Patrick Flint
Mr Gavin Argyle

Review of Operations

Bafwasende Gold and Diamond Project

The Company entered into an agreement to acquire an 80% interest in the Bafwasende Gold and Diamond Project in the north east of the Democratic Republic of Congo in October 2007. The project is highly prospective for gold and diamonds, covers approximately 7,000km² and is located in the north east of the Democratic Republic of the Congo.

Due diligence procedures were completed during the half year and shareholder approval for the issue of securities to complete the acquisition was obtained on 7th February 2008. Pursuant to the agreement, Lindian acquired 80% of the issued capital of Congolese Exploration Company sprl ("Coexco") via the payment of US\$40,000 cash and the issue of 5,000,000 shares and 500,000 options in Lindian (exercisable at 30 cents on or before 31 December 2011). Lindian is also required to issue, subject to shareholder approval, a further 15,000,000 shares upon the discovery of the equivalent of 2,000,000 ounces of gold resources to JORC standard (with at least 1,000,000 ounces of gold in the indicated category) within 4 years of completion of due diligence.

Initial exploration has commenced and is focusing on regional geological mapping in conjunction with regional stream sediment sampling. All stream sediment samples will be sent for geochemical analysis as well as kimberlitic mineral identification. Further sampling in conjunction with airborne magnetics will be completed on all anomalous areas. This will enable a structural interpretation for targeting of a hardrock source for the alluvial gold mineralization as well as identifying potential kimberlite pipes.

Tshikapa Diamond Project (Company earning 80%)

The Tshikapa Diamond Project is located in the Tshikapa diamond field, in the West Kasai region of the DRC and consists of four licence areas covering about 800 sq km in the Tshikapa Diamond Field.

During the previous reporting period, the Company completed stream sediment sampling over the project area. Results received for both the geochemical analysis and the examination of the concentrate for kimberlitic indicator minerals did not show any anomalous results indicative of a possible mineralization within the underlying rocks.

The Company withdrew from this joint venture during the half year.

Other Projects

During the half year, the Company continued to review a number of potential project opportunities. The Company is presently in advanced negotiations in respect of a Coastal Iron project in Guinea, West Africa and a coal project in eastern Kalimantan.

The Coastal Iron project consists of three licence applications covering approximately 2,500 km² that are readily accessible by sealed and laterite capped roads. The project contains numerous zones of iron mineralisation that are seen as good exploration targets. Finalisation of the negotiations is dependent primarily upon the granting of the licence applications, which are awaiting Ministerial approval. Any agreement entered into will be subject to a legal due diligence review confirming licence ownership.

Auditor's Independence Declaration

In accordance with section 307C of the Corporations Act 2001, the Directors have obtained a declaration of independence from RSM Bird Cameron Partners, the consolidated entity's auditors. The independence declaration is included at page 3 of the financial report.

Dated at Balcatta on 29 February 2008.

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



R N Gillard
Director

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
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www.rsmi.com.au

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

As lead audit partner for the review of the financial report of Lindian Resources Limited for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Lindian Resources Limited and the entities it controlled during the period.

Perth, WA
Dated: *29 February 2008*

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

J A KOMNINOS
Partner

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scheme approved under
Professional Standards
Legislation

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

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lindian Resources Limited (the consolidated entity) which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration. The consolidated entity comprises both Lindian Resources Limited (the company) and the entities it controlled during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of Lindian Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

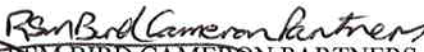
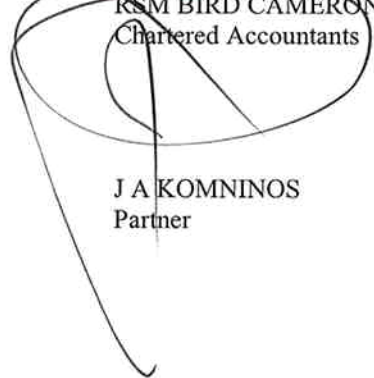
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lindian Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Perth, WA
Dated: 29 February 2008


RSM BIRD CAMERON PARTNERS
Chartered Accountants

J A KOMNINOS
Partner

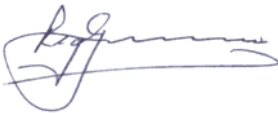
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes thereto set out on pages 7 to 14 are in accordance with the Corporations Act 2001, and:
 - (a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Balcatta on 29 February 2008.

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



R N Gillard
Director

INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Consolidated	Consolidated
	31.12.07	31.12.06
	\$	\$
Revenues from sales or services	-	13,932
Other revenue	98,199	78,899
Total Revenue	<u>98,199</u>	<u>92,831</u>
Occupancy expenses	4,342	5,630
Administrative expenses	173,127	133,904
Corporate consulting	65,111	292,746
Corporate introduction fees	-	582,000
Directors fees	110,108	82,077
Directors option expense	-	444,000
Employee option expense	88,700	-
Exploration expense written off	23,313	-
Depreciation expenses	12,133	17,930
Total Expenses	<u>476,834</u>	<u>1,558,287</u>
Loss before related income tax expense	(378,635)	(1,465,456)
Income tax expense relating to ordinary activities	-	-
Loss after income tax	(378,635)	(1,465,456)
Basic loss per share (cents per share)	(1.16)	(5.29)

The accompanying notes form part of this interim financial report.

BALANCE SHEET

AS AT 31 DECEMBER 2007

	Consolidated	Consolidated
	31.12.07	30.6.07
	\$	\$
Current Assets		
Cash assets	3,055,865	3,463,272
Receivables	6,336	40,086
Total Current Assets	3,062,201	3,503,358
Non-Current Assets		
Plant and equipment	62,609	12,807
Exploration and evaluation expenditure	92,836	125,250
Total Non-Current Assets	155,445	133,057
Total Assets	3,217,646	3,636,415
Current Liabilities		
Payables	43,871	184,193
Total Current Liabilities	43,871	184,193
Total Liabilities	43,871	184,193
Net Assets	3,173,775	3,452,222
Equity		
Contributed equity	11,538,318	11,526,830
Share option reserve	1,113,350	1,024,650
Accumulated losses	(9,477,893)	(9,099,258)
Total Equity	3,173,775	3,452,222

The accompanying notes form part of this interim financial report.

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Issued Capital \$	Share Option Reserve	Accumulated Losses \$	Total Equity \$
As at 1 July 2006	9,651,848	1,800	(7,268,559)	2,385,089
Loss for the period	-	-	(1,465,456)	(1,465,456)
Issue of options	-	859,000	-	859,000
Shares issued	1,876,949	-	-	1,876,949
As at 31 December 2006	11,528,797	860,800	(8,734,015)	3,655,582

	Issued Capital \$	Share Option Reserve	Accumulated Losses \$	Total Equity \$
As at 1 July 2007	11,526,830	1,024,650	(9,099,258)	3,452,222
Loss for the period	-	-	(378,635)	(378,635)
Issue of options	-	88,700	-	88,700
Shares issued	11,488	-	-	11,488
As at 31 December 2007	11,538,318	1,113,350	(9,477,893)	3,173,775

The accompanying notes form part of this interim financial report.

CASH FLOW STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Consolidated	Consolidated
	31.12.07	31.12.06
	\$	\$
Cash flows from operating activities		
Receipts from customers	-	13,932
Payments to suppliers and employees	(367,295)	(277,794)
Interest received	98,199	78,899
Net cash used in operating activities	(269,096)	(184,963)
Cash flows from investing activities		
Exploration expenditure	(87,864)	(81,337)
Acquisition of plant and equipment	(61,935)	-
Net cash used in investing activities	(149,799)	(81,337)
Cash flows from financing activities		
Issue of shares	11,488	1,594,800
Share issue expenses	-	(212,851)
Net cash inflow from financing activities	11,488	1,381,949
Net increase (decrease) in cash held	(407,407)	1,115,649
Cash at the beginning of the financial period	3,463,272	2,331,187
Cash at the end of the financial period	3,055,865	3,446,836

The accompanying notes form part of this interim financial report.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007****NOTE 1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

The half-year financial report should be read in conjunction with the Annual Financial Report of Lindian Resources Limited as at 30 June 2007. It is also recommended that the half-year financial report be considered together with any public announcements made by Lindian Resources Limited and Controlled Entities during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The financial report covers the consolidated entity of Lindian Resources Limited and controlled entities. Lindian Resources Limited is a listed public company domiciled in Australia.

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as the full financial report.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in Lindian Resources Limited's Annual Financial Report for the year ended 30 June 2007.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Consolidated 31.12.07 \$	Consolidated 30.6.07 \$
NOTE 2. CONTRIBUTED EQUITY		
(a) Issued and paid up share capital		
32,828,022 (30 June 2007 – 32,771,397) ordinary shares, fully paid	11,538,318	11,526,830
Movements in Ordinary shares		
	No of Shares	Paid Up Capital \$
Balance - 1 July 2007	32,771,397	11,526,830
Issues of shares due to exercise of options	56,625	11,488
Balance – 31 December 2007	32,828,022	11,538,318

(b) Share Options

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

Exercise Period	Note	Exercise Price	Opening Balance 1 July 2007 Number	Options Issued 2007 Number	Options Exercised/ Cancelled/ Expired 2007 Number	Closing Balance 31 December 2007 Number
On or before 31 December 2010		\$0.20	550,000	-	(55,000)	495,000
On or before 1 July 2011		\$0.20	1,000,000	-	-	1,000,000
On or before 15 September 2009		\$0.30	3,000,000	-	-	3,000,000
On or before 31 December 2009		\$0.30	17,383,504	-	(1,625)	17,381,879
On or before 30 September 2010	(i)	\$0.30	-	200,000	-	200,000
On or before 30 September 2010	(ii)	\$0.35	-	350,000	-	350,000
			21,933,504	550,000	(56,625)	22,426,879

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	31.12.07	30.6.07
	\$	\$
NOTE 3. SHARE OPTION RESERVE		
Share Option Reserve	1,113,350	1,024,650
Movement in share option reserve		
	No of Options	\$
Balance 1 July 2007	21,933,504	1,024,650
Fair value of 200,000 options issued to employees (at 30 cents each)	200,000	30,600
Fair value of 350,000 options issued to employees (at 35 cents each)	350,000	58,100
Number of options exercised	(56,625)	-
Balance – 31 December 2007	22,426,879	1,113,350

NOTE 4. SEGMENT REPORTING

During the half-year, Lindian Resources Limited operated in the mineral exploration industry. The company sold its technology business in February 2007.

	Technology		Mineral Exploration		Consolidated	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Revenue	-	13,932	98,199	78,899	98,199	92,831
Share of loss	-	(4,372)	(378,635)	(1,461,084)	(378,635)	(1,465,456)

NOTE 5. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007****NOTE 6. EVENTS SUBSEQUENT TO REPORTING DATE**

Other than the matters referred to below, there are no matters or circumstances that have arisen since 31 December 2007 that have or may significantly affect the operations, results, or state of affairs of the consolidated entity in future financial periods.

Shareholder approval was obtained on 7th February 2008 for the issue of securities to complete the acquisition of 80% of the Bafwasende Gold and Diamond Project in the north east of the Democratic Republic of Congo.

The principal terms of the Bafwasende Acquisition Agreement are as follows:

- Lindian acquired 80% of the issued share capital of Coexco by the payment of US\$40,000 cash and the allotment and issue to Corporate & Resource Consultants Pty Ltd ("CRCPL") of 5,000,000 Shares ("Initial Purchase Consideration"). Lindian is also required to issue, on the discovery of the equivalent of 2,000,000 ounces of gold resources to JORC standard (with at least 1,000,000 ounces of gold in the indicated category) by 31 December 2011, a further 15,000,000 Shares ("Conditional Shares"). The issue of the Conditional Shares is subject to the necessary regulatory approvals, including Shareholder approval. If the Conditional Shares are not able to be issued due to the failure to obtain the necessary regulatory approvals, Lindian shall pay CRCPL other consideration of comparable value to the Conditional Shares. Such other consideration shall be agreed to between Lindian and CRCPL, acting reasonably.
- Lindian to incur all expenditure to completion of a feasibility study on the Project (such expenditure to be recouped from production on a priority basis).
- Lindian can withdraw from funding the Project at any time if it considers further exploration not warranted.
- Lindian has a first right of refusal to the other shareholders' 20% interest in Coexco.
- Lindian has also acquired an option to purchase the remaining 20% interest from the other shareholders in Coexco (none of whom are related parties or associates of Lindian or of CRCPL), at Lindian's election at any time prior to completion of a feasibility study, by allotting and issuing 500,000 Options exercisable at \$0.30 per Share on or before 31 December 2011 to Mr JV Hamilton, a shareholder of Coexco. Consideration payable to Coexco shareholders to purchase the remaining 20% interest is:
 - payment of US\$4 million;
 - payment of US\$0.5 million for every 1 million ounces of gold (or equivalent) identified to JORC indicated status (capped at US\$2.5 million); and
 - payment of a gross royalty of 1% of production.