LINDIAN
resources LTD

Lindian Resources Limited
ABN 53 090 772 222

The terms and conditions of options on issue are set out below.

1.1 Terms of Existing Options

The terms of the Existing Options are set out below.

(a) Each Existing Option entitles the holder to one (1) Share.

(b) Existing Options are exercisable before 5.00pm (WST) on 31 December 2010 (Expiry Date).

(c) The Existing Option exercise price is 20 cents each.

(d) All the Shares issued upon exercise of the Existing Options will rank pari passu in all respects with the Company's then issued Shares. The Existing Options are unlisted and no quotation will be sought from the ASX for the Existing Options.

(e) Subject to the Corporations Act, the Constitution and the ASX Listing Rules, the Existing Options are fully transferable.

(f) The Existing Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the Existing Option holder to exercise a specified number of Options, accompanied by an Existing Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Existing Options held does not affect the holder's right to exercise the balance of any Existing Options remaining.

(g) There are no participating rights or entitlements inherent in the Existing Options and holders will not be entitled to participate in new issues of Existing Options to Shareholders during the currency of the Existing Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, that the Existing Option holder will be notified of the proposed issue at least seven (7) Business Days before the books closing date. This will give Existing Option holders the opportunity to exercise the Existing Options prior to the date for determining entitlements to participate in any such issue.

(h) In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Existing Options, all rights of the Existing Option holder will be varied in accordance with the ASX Listing Rules (if applicable).

(i) In the event of the Company makes a pro rata issue of securities, the exercise price of the Existing Options will change in accordance with the formula set out in ASX Listing Rule 6.22.2 (if applicable).

(j) In the event the Company makes a bonus issue of securities, the number of Existing Options will change in accordance with ASX Listing Rule 6.22.3 (if applicable).

1.2 Terms of CRC Options

The terms of the CRC Options issued to CRC are set out below:

(a) the CRC Options shall expire at 5p.m. (Western Standard Time) on 15 September 2011 (Expiry Date);

(b) the amount payable on the exercise of the CRC Options will be $0.20 for each Option exercised;

(c) a CRC Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the CRC Option can be exercised;

(d) the CRC Options may be exercised wholly, or in part, by notice in writing to the Directors of the Company given prior to or on the Expiry Date. Any notice of exercise of an CRC Option will be deemed to be dated as at the last day of the month on which the Company receives the notice;

(e) a CRC Option may be transferred at any time prior to the expiry date;

(f) there are no participating rights or entitlements inherent in the CRC Options and optionholders will not be entitled to participate in new shares of capital offered to Shareholders during the currency of the CRC Options. However, the Company will ensure that for the purposes of the proposed issue notice of the new issue will be given to optionholders at least seven (7) Business Days before the record date. This will give optionholders the opportunity to exercise their CRC Options prior to the date for determining entitlements to participate in any such issue;

(g) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of the optionholder will be varied in accordance with the Listing Rules; and

(h) CRC Options not exercised by the Expiry Date will automatically expire.

1.3 Terms of Proposed Incentive Options

The terms of the Incentive Options issued to Messrs Gillard, Smith and Flint are set out below:

(a) the Incentive Options shall expire at 5p.m. (Western Standard Time) on 15 September 2009 (Expiry Date);

(b) the amount payable on the exercise of the Incentive Options will be $0.30 for each Incentive Option exercised;

(c) an Incentive Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Incentive Option can be exercised;

(d) the Incentive Options may be exercised wholly, or in part, by notice in writing to the Directors of the Company given prior to or on the Expiry Date. Any notice of exercise of an Incentive Option will be deemed to be dated as at the last day of the month on which the Company receives the notice;

(e) an Incentive Option may be transferred at any time prior to the expiry date;

(f) there are no participating rights or entitlements inherent in the Incentive Options and optionholders will not be entitled to participate in new shares of capital offered to shareholders during the currency of the Incentive Options. However, the Company will ensure that for the purposes of the proposed issue notice of the new issue will be given to optionholders at least seven (7) Business Days before the record date. This will give optionholders the opportunity to exercise their Incentive Options prior to the date for determining entitlements to participate in any such issue;

(g) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of the optionholder will be varied in accordance with the Listing Rules; and

(h) Options not exercised by the Expiry Date will automatically expire.