

LINDIAN RESOURCES LIMITED

ACN 090 772 222

OPTION ISSUE PROSPECTUS

For a pro rata non-renounceable offer of 1 new Option for every 1 Eligible Option held by Optionholders registered at 5.00 pm (WST) on 31 December 2011 at an issue price of \$0.02 per Option to raise approximately \$2,730,533 (**Offer**).

Each Option has an exercise price of \$0.08 each and is exercisable on or before 5.00 pm (WST) on 31 December 2014.

The Offer is conditional upon Shareholders approving Resolution 1 to be considered at the General meeting to be held on 30 January 2012. Where Shareholders do not approve Resolution 1 at the General Meeting, the Offer will not proceed and all application monies will be refunded by the Company.

The Offer is not underwritten.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options offered by this Prospectus should be considered as speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES

Lodgement of Prospectus with ASIC and ASX	17 January 2012
Record Date for determining entitlements to Options	31 December 2011
Date of General Meeting	30 January 2012
Closing Date of Offer	16 February 2012
Options quoted on a deferred settlement basis	17 February 2012
Notify ASX of under subscriptions*	24 February 2012
Subscriptions and pay for Shortfall*	25 February 2012
Company to issue Shortfall*	1 March 2012
Allotment and dispatch of holding statements*	1 March 2012

*These dates are indicative only and may be subject to change at the discretion of the Directors.

IMPORTANT NOTES

Optionholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 17 January 2012 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The Expiry Date of the Prospectus is the date that is 13 months after the date of this Prospectus (**Expiry Date**). No Options will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Options offered pursuant to the Offer under this Prospectus can only be submitted on an original Option Offer Acceptance Form which accompanies this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

TRANSACTION SPECIFIC PROSPECTUS

This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus.

SHAREHOLDER APPROVAL

The Company is seeking Shareholder approval for the issue of the Options the subject of this Prospectus at a Shareholder meeting to be held on 30 January 2012. There is a risk that the Company may not obtain the relevant Shareholder approval. In the event Shareholder approval is not obtained then the Company will not proceed with the Offer and will repay all application monies received.

RISK FACTORS

Potential investors should be aware that subscribing for Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.indianresources.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

2. CORPORATE DIRECTORY

Directors

Matthew Wood
Non Executive Chairman

Steven Leithead
Managing Director

Scott Funston
Executive Director

Brian McMaster
Executive Director

Angus Caithness
Non Executive Director

Company Secretary

Scott Funston

Registered Office & Principal Place of Business

Level 1
33 Richardson Street
WEST PERTH WA 6872

Phone: +618 9200 4438
Facsimile: +618 9200 4469
Email: info@lindianresources.com.au
Website: lindianresources.com.au

Auditor*

RSM Bird Cameron
8 St Georges Terrace
PERTH WA 6000

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Telephone: +61 8 9321 4000
Facsimile: +61 8 9321 4333

Share Registry*

Computershare Investor Services Pty
Limited
Level 2
45 St Georges Terrace
PERTH WA 6000

ASX Code

LIN

Corporate Advisor*

Garrison Capital Pty Ltd
Level 1
33 Richardson Street
WEST PERTH WA 6872

* These parties are included for information purposes only. They have not been involved in the preparation of this Prospectus.

3. DETAILS OF THE OFFER

3.1 Offer of Options

This Prospectus is for the offer of Options pursuant to a pro rata non-renounceable entitlements issue on the basis of one (1) Option at an issue price of \$0.02 each for every one (1) Eligible Option held by Optionholders at the Record Date, to raise up to approximately \$2,730,533 (**Offer**).

Based on the capital structure of the Company, the maximum number of new Options to be issued pursuant to this Offer is approximately 136,526,671 new Options. The Options will be exercisable at \$0.08 each on or before 5.00pm (WST) on 31 December 2014. Refer to Section 5.1 for the full terms of the Options.

As at the Record Date the Company had 136,526,671 Eligible Options on issue. Holders of Eligible Options on the Record Date are entitled to participate in the Offer.

All of the Options issued under this Prospectus will be issued on the terms and conditions set out in Section 5.1 of this Prospectus.

All Shares issued on conversion of the new Options will rank equally with the Shares on issue at the date of this Prospectus. Refer to Section 5.2 for the rights attaching to the Shares on issue in the Company.

The purpose of the Offer is set out in Section 4 of this Prospectus. Funds raised will be used in the manner set out in Section 4.1

3.2 Shareholder Approval of Offer

The Company is seeking Shareholder approval for the issue of the Options the subject of this Prospectus at a Shareholder meeting to be held on 30 January 2012. There is a risk that the Company may not obtain the relevant Shareholder approval. In the event Shareholder approval is not obtained then the Company will not proceed with the Offer and will repay all application monies received.

3.3 How to Accept the Offer

Acceptance of your Entitlement must be made on the Option offer Acceptance Application Form accompanying this Prospectus in accordance with the instructions set out therein.

Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

As an Optionholder you may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in **full**;
 - (i) complete the Option Offer Acceptance Application Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount indicated on the Option Offer Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:

- (i) fill in the number of Options you wish to accept in the space provided on the Option Offer Acceptance Form; and
- (ii) attach your cheque for the appropriate application monies (at \$0.02 per Option); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything (in which case you will receive no benefit from your Entitlement).

Your completed Option Offer Acceptance Application Form and cheque must reach the Company's share registry no later than 5.00pm WST on the Closing Date.

The Offer is non-renounceable. Accordingly, a holder of Options may not sell or transfer all or part of their Entitlement.

3.4 Australian Securities Exchange Listing

Application for Official Quotation of the Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If the ASX does not grant permission for Official Quotation of the Options within three (3) months after the date of this Prospectus, (or such period as varied by the ASIC), the Company will not issue any Options and will repay all application monies for the Options within the time prescribed under the Corporations Act, without interest.

Upon exercise of the Options by an Optionholder in accordance with their terms, the Company will make application for Official Quotation of the underlying Shares issued upon the exercise of the Options.

The fact that the ASX may grant Official Quotation to the Options or the underlying Shares is not to be taken in any way as an indication of the merits of the Company or the Options now offered for subscription.

3.5 Issue of Options

Options issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Options on the basis of an Optionholder's Entitlement. Surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

Options issued pursuant to the Shortfall Offer will be allotted on a progressive basis. Where the number of Options issued is less than the number applied for, or where no allotment is made, under the Shortfall Offer surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the allotment and issue of the Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Options under the Offer will be mailed as soon as possible after the Closing Date and for Options issued under the Shortfall Offer as soon as practicable after their issue.

3.6 Application Monies

All Applications must be completed in accordance with the detailed instructions contained on the reverse of the Option Offer Acceptance Application Form and be accompanied by a cheque or bank cheque drawn and payable on an Australian bank and must be made payable to **"Lindian Resources Limited – Offer Account"** and should be crossed **"Not Negotiable"**. Application monies will be held on behalf of applicants until the Options are issued. If any application is rejected in whole or in part, the amount tendered in respect of the Options that have not been issued will be repaid to the unsuccessful applicant, without interest.

3.7 Shortfall Offer

Any Entitlements not subscribed for under the Offer will form part of the Shortfall.

The Directors reserve the right to issue Shortfall Options at their absolute discretion. Accordingly, only Optionholders who are directed by the Company should complete the Shortfall Application Form.

The Directors reserve the right to allot to an Applicant a lesser number of Shortfall Options than the number for which the Applicant applies for on their Shortfall Application Form, or to reject an application, or to not proceed with placing some or all of the Shortfall.

The offer of any Shortfall Options is a separate offer made pursuant to this Prospectus and will remain open for up to three (3) months following the Closing Date. The issue price of any Shortfall Options shall be \$0.02 per Shortfall Option being the price at which the Entitlement has been offered to Option Holders pursuant to this Prospectus.

3.8 Minimum Subscription

There is no minimum subscription in respect to the Offer.

3.9 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing option certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

3.10 Overseas Optionholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. No action has been taken to register this Prospectus or otherwise to permit an offering of Options in any jurisdiction outside Australia.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Optionholders, the number and value of Options these Optionholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Options will not be issued to Optionholders with a registered address which is outside Australia or New Zealand.

Optionholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

3.11 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Options under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Options offered pursuant to this Prospectus.

3.12 Privacy Act

If you complete an application for Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as an Optionholder, facilitate distribution payments and corporate communications to you as an Optionholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the

Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Options, the Company may not be able to accept or process your application.

3.13 Enquiries

Any questions concerning the Offer should be directed to the Company on (+61) 8 9200 4438 or contact your professional adviser.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose and Effect of the Offer

The purpose of the Offer is to raise approximately \$2,730,533 (before expenses of the Offer). Under the Offer, up to 136,526,671 new Options are available for issue and will be issued if the Offer is fully subscribed. The Options will be issued for \$0.02 each.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription	%
1	Assessment and exploration of the Company's projects in the Philippines ¹	\$1,500,000	55
2	Acquisition and evaluation of new projects	\$500,000	18
3	Expenses of the Offer ²	\$25,000	1
4	General working capital ³	\$705,533	26
	Total	\$2,730,533	100

Notes:

1. Consistent with the Company's previous announcements to ASX, the Company is continuing its exploration programmes at its project sites in the Philippines. Depending on the results of the ongoing exploration programmes, these funds will be allocated toward the continuation of those exploration programmes including, drilling, assaying and assessment of those results.
2. Refer to Section 7.7 of this Prospectus for further details relating to the estimated expenses of the Offer.
3. The working capital commitments for the next 12 months are estimated to be \$780,000, comprising directors remuneration, office and administration expenses, listing fees and adviser costs.

Where less than the full amount is raised, funds raised will first be allocated to the expenses of the Offer. Following that, funds will be allocated to the items outlined in the table above up to the maximum amount specified in the table above. Where less than the full amount is raised, the Company considers that it will still have sufficient funds to meet its stated objectives as previously announced to ASX.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

4.2 Effect of the Offer

The principal effect of the Offer, assuming all Options are issued, will be to:

- (a) increase the cash reserves by \$2,705,533 (after deducting the estimated expenses of the Offer) immediately after completion of the Offer;
- (b) increase the Option premium reserve by \$2,705,533; and
- (c) increase the number of Options on issue as at the date of this Prospectus from 500,000 to 137,026,671 after the Offer.

4.3 Pro-forma balance sheet

The unaudited balance sheet as at 30 November 2011 and the unaudited pro-forma balance sheet as at 30 November 2011 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, no Options are exercised prior to the Record Date and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	30 November 2011 Unaudited \$	30 November 2011 Pro Forma \$
Assets		
Current Assets		
Cash	4,660,210	7,365,743
Receivables	97,799	97,799
Other current assets	8,634	8,634
Non Current Assets		
Exploration Expenditure	6,865,756	6,865,756
Plant and Equipment	25,630	25,630
Total Assets	11,658,029	14,363,562
Liabilities		
Current Liabilities		
Trade and other Payables	147,966	147,966
Total Liabilities	147,966	147,966
Net Assets	11,510,063	14,215,596
Equity		
Issued Capital	21,873,553	21,873,553
Reserves	3,206,494	5,912,027
Accumulated Losses	(13,569,984)	(13,569,984)
Total Equity	11,510,063	14,215,596

4.4 Capital Structure on Completion of the Offer

A table of changes in the capital structure of the Company as a consequence of the Offer is set out below:

Shares

	Number
Listed Shares currently on issue	150,312,243
Unlisted Shares currently on issue	550,000
Shares offered pursuant to the Offer	Nil
Total Shares on issue after completion of the Offer²	150,862,243

Options¹

	Number
Unlisted Options currently on issue (exercise price \$0.15, expiry date 14 June 2016)	500,000
Options offered pursuant to the Offer	136,526,671
Total Options on issue after completion of the Offer	137,026,671

Notes:

1. The Company had on issue 136,526,671 Options that expired on 31 December 2011.
2. If all of the Options under the Offer are issued and subsequently exercised, and no other securities are issued, the number of ordinary fully paid shares on issue in the Company will be 287,388,914.

5. TERMS OF OPTIONS AND RIGHTS ATTACHING TO SHARES

5.1 Terms and Conditions of Options

Each Option offered under this Prospectus will entitle the holder the right to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) on the following terms and conditions (**Option**):

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
 - (b) Each Option will expire at 5.00pm (WST) on 31 December 2014 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (c) Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.08 (**Exercise Price**).
 - (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
 - (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
 - (h) Subject to the expiry of any applicable escrow period the Options shall be freely transferable.
 - (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
 - (j) The Company will apply for quotation of the Options on ASX. In addition, the Company will also apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
 - (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (m) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

5.2 Rights and liabilities attaching to Shares issued upon conversion of Options

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (or credited) bears to the total amounts paid and payable (including amounts credited).

(c) Dividend rights

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of Shares, the Company may from time

to time declare a dividend to be paid to the Shareholders entitled to the dividend as the Directors resolve. The dividend shall be payable on all Shares according to the proportion that the amount paid (including amounts credited) is of the total amounts paid and payable (including amounts credited) in respect of such Shares.

The Company is not required to pay any interest on a dividend. Subject to the Listing Rules, the Directors may capitalise any profits of the Company and distribute that capital to the Shareholders, in the same proportions as the Shareholders are entitled to a distribution by dividend.

Subject to the ASX Listing Rules and the Corporations Act, the Directors may, implement a dividend reinvestment plan on such terms and conditions as the Directors resolve, under which participants may elect in respect of all or part of their Shares to apply the whole or any part of a dividend from the Company in subscribing for securities of the Company or a related corporation.

(d) **Winding-up**

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attaching to a class of Shares, on a winding up of the Company any surplus must be divided among the Shareholders in the proportion which the amount paid (including amounts credited) on the Shares of a Shareholder bears to the total amount paid and payable (including amounts credited) on the Shares of all Shareholders.

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders, and may settle disputes concerning any such distribution in any way.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6. RISK FACTORS

6.1 Introduction

The Options offered under this Prospectus are considered speculative, and involve investors being exposed to risk. The Directors recommend potential applicants examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Options offered pursuant to this Prospectus.

The business activities of the Company are subject to various risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. There are a number of risk factors that investors should consider and seek independent advice on, before deciding whether or not to invest in Options.

Set out below is a summary of the principal risk factors which should be considered before subscribing for Options under this Prospectus. This list is not exhaustive and potential Applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Options.

6.2 Company Specific

(a) Land Access – Philippines

Immediate access to mineral tenements in the Philippines cannot in all cases be guaranteed. The Company may be required to seek consent of land holders or other persons or groups with an interest in real property encompassed by, or adjacent to, the Company's tenements. Compensation may be required to be paid by the Company to land holders in order that the Company may carry out exploration and/or mining activities. Native title exists in the Philippines and is governed by law. Where applicable, agreements with indigenous groups have to be in place before a mineral tenement can be granted.

(b) Sovereign Risk

It should be noted that parts of the Philippines and Guinea have been the subject of civil unrest in the recent past. The Company believes that although tension has eased, civil and political unrest and an outbreak of hostilities remains a risk in the Philippines and Guinea which could affect the Company's access to its Philippines project areas and the Dinguiraye project and subsequent exploration and development.

(c) Lack of Infrastructure

The transportation and service infrastructure in the Philippines and Guinea is sub-standard and unpredictable. Material delays in the transportation of equipment, supplies and resources may delay the development of the Company's projects. Any such delay is likely to increase the cost of developing the projects, and such increase may materially affect the Company's business, results of operations and financial condition.

(d) **Changes in Government Policy**

Adverse changes in government policies or legislation in the Philippines or Guinea and other jurisdictions in which the Company may operate from time to time affecting foreign ownership of mineral interests, taxation, profit repatriation, royalties, land access, labour relations, and mining and exploration activities may affect the operations of the Company. It is possible that the current system of exploration and mine permitting in the Philippines or Guinea may change, resulting in impairment of rights and possibly expropriation of the Company's properties without adequate compensation. In addition, there is a possibility that the Company's agreements with governments or joint venture partners may be unenforceable against such parties.

6.3 Industry specific

(a) **Mining and Exploration Risks**

The primary business of the Company is exploration for, and commercial development of, mineral ore bodies, which is subject to the risks inherent in these activities. Its operations are still in the exploration and evaluation phase. The current and future operations of the Company may be affected by a range of factors, including:

- (i) geological conditions;
- (ii) limitations on activities due to seasonal weather patterns;
- (iii) alterations to joint venture programs and budgets;
- (iv) unanticipated operational and technical difficulties encountered in trenching, drilling, development, production and treatment activities;
- (v) mechanical failure of operating plant and equipment;
- (vi) adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (vii) unavailability of drilling, mining, processing and other equipment;
- (viii) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;
- (ix) prevention of access by reason of political or civil unrest, outbreak of hostilities, inability to obtain regulatory or landowner consents or approvals;
- (x) terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes;
- (xi) delays in completing feasibility studies and obtaining development approvals; and

- (xii) risks of default or non-performance by third parties providing essential services.

No assurance can be given that future exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance. There is no assurance that exploration and development of the mineral interests held by the Company, or any other projects that may be acquired by the Company in the future, will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited by the Company.

Development of a commercial mining operation is also dependent on the Company's ability to obtain necessary titles and governmental and other regulatory approvals on a timely basis.

(b) **Title**

All of the tenements or licences in which the Company has or may earn an interest in will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the terms of each tenement or licence is usually at the discretion of the relevant government authority.

Additionally, tenements are subject to a number of government specific legislative conditions. The inability to meet these conditions could affect the standing of a tenement or restrict its ability to be renewed.

If a tenement or licence is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement.

(c) **Resource Estimations**

Resources estimates are expressions of judgement based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made.

Additionally, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(d) **Commodity and Currency Price Volatility**

The Company's ability to benefit from any future mining operations will depend on market factors, some of which may be beyond its control.

The world market for gold, nickel, platinum and other minerals is subject to many variables and may fluctuate markedly.

Any revenues derived from any future mining will primarily be derived from the sale of the relevant commodity such as gold. Consequently, any future earnings are likely to be closely related to the price of the relevant commodity and the terms of any offtake agreements which it enters into.

Metal prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for metals, forward selling by producers and production cost levels in major mineral-producing regions. Metal prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the relevant metal as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Commodities are principally sold throughout the world in US dollars. The Company's cost base will be payable in various currencies including Australian dollars, Philippine pesos and Guinea francs. As a result, any significant and/or sustained fluctuations in the exchange rate between these currencies and US dollars and/or adverse movements in commodity prices, could have a materially adverse effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures where deemed necessary by the Board to mitigate such risks.

(e) **Environmental**

The Company's projects are or may be subject to various laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Company's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Company's projects will be dependent on the Company satisfying environmental guidelines and, where required, being approved by government authorities.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

(f) **Future Capital Needs and Additional Funding**

The funds raised by the Offer will be used to carry out the Company's objectives as detailed in this Prospectus and the Company's announcements to ASX. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the

results of exploration, subsequent feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

(g) **Competition**

The Company competes with other companies, including major mineral exploration and mining companies. These companies will likely have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(h) **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in other resource projects. Any such transactions would be accompanied by risks commonly encountered in making such acquisitions.

(i) **Operating Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its Mineral Properties. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

6.4 General Risks

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) changes in investor sentiment toward particular market sectors;
- (iv) the demand for, and supply of, capital; and
- (v) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(i) **Reliance on Key Personnel**

The Company's success largely depends on the core competencies of its Directors and management and their familiarisation with, and ability to operate in, the metals and mining industry and the Company's ability to retain its key executives.

6.5 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Options offered under this Prospectus.

Therefore, the Options to be issued pursuant to this Prospectus carry no guarantee with respect to the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Options under this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Litigation against Bundok

A Supreme Court action was commenced against Bundok Resources Pty Ltd (a 100% owned subsidiary of the Company) (**Bundok**) and another party on 7 April 2011 claiming that Bundok, in breach of an alleged contract, failed to issue 4,000,000 Bundok shares to the plaintiff. The plaintiff seeks damages being the loss of the value of 4,000,000 Bundok shares, interest and costs. As at the date of this Prospectus, the litigation is continuing and Bundok is defending the action in the Supreme Court.

Other than as outlined above, as at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares that will be issued on conversion of the Options issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the Official List of the ASX during the 3 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus". In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available Information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) to the extent they are available, it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged with the ASIC by the Company; and
 - (ii) any half-year financial report lodged with the ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
10/01/2012	Appendix 3B
03/01/2012	Option Expiry
29/12/2011	Notice of General Meeting
16/12/2011	Placement of Options
24/11/2011	Results of Annual General Meeting
31/10/2011	Quarterly Activities Report
31/10/2011	Quarterly Cashflow Report
21/10/2011	Notice of Annual General Meeting
19/09/2011	2011 Annual Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

7.3 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer of securities pursuant to this Prospectus.

The Directors' relevant interests (either held directly, held by entities controlled by them or held by entities of which they are directors) in securities of the Company at the date of this Prospectus is set out below.¹

Director	Shares	Unlisted Options	Eligible Options	Entitlement	\$
Matthew Wood	7,400,000	Nil	10,400,000	10,400,000	208,000
Steven Leithhead	9,000,000	Nil	9,000,000	9,000,000	180,000
Scott Funston	3,207,500	Nil	3,207,500	3,207,500	64,150
Angus Caithness	625,000	Nil	625,000	625,000	12,500
Brian McMaster	Nil	500,000	Nil	Nil	Nil

Notes:

1. The Board recommends all Shareholders take up their Entitlement and advises that all Directors currently intend to take up their respective Entitlements.

7.4 Remuneration

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors a maximum total amount (excluding salaries or other employee benefits), determined by the Company in general meeting, or until so determined, as the Directors resolve (currently set at \$150,000), to be divided among the non-executive Directors as determined by the Directors and in default of agreement, then in equal shares.

The Company has paid to the Directors a total of \$132,234 for the year end 30 June 2010, and \$191,662 for the year end 30 June 2011. For the period from 1 July 2011 to the date of this Prospectus \$265,000 (including superannuation) has been paid or is payable by the Company by way of remuneration for services provided by all Directors (executive, non-executive and alternate), companies associated with those Directors or their associates in their capacity as directors, employees, consultants or advisers (and including superannuation payments and security based remuneration).

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

The below table details Director remuneration since their appointments in 2011:

Name	Remuneration for 30 June 2011 Financial year	Remuneration since 30 June 2011
Matthew Wood	\$20,000 ¹	\$40,000
Steven Leithead	\$40,000 ¹	\$120,000
Scott Funston	\$20,000 ¹	\$60,000
Angus Caithness	\$10,000 ¹	\$15,000
Brian McMaster	\$42,234 ²	\$30,000
Total	1,322,346	\$265,000

Notes:

1. Consulting Fees.
2. \$850 in consulting fees and \$41,384 in share based payments.

7.5 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within two (2) years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer of securities pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named, Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$10,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

7.6 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.7 Estimated Expenses of Offer

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,137
Listing fees	8,500
Legal expenses	10,000
Printing and other expenses	4,363
Total	\$25,000

7.8 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.135 on 25 October 2011; and

Lowest: \$0.065 on 12 and 16 January 2012.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.076 on 16 January 2012.

7.9 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Option Offer Acceptance Form, if you have not, please phone the Company on (+61 8) 9200 4438 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.lindianresources.com.au.

The Company reserves the right not to accept an Option Offer Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Option Offer Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8. AUTHORITY OF DIRECTORS

Each of the Directors of Lindian Resources Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act.

Dated the 17th day of January 2012.



BRIAN McMASTER
DIRECTOR

9. DEFINITIONS

\$ means Australian dollars.

Applicant means an Optionholder or other party who applies for Options pursuant to the Offer or the Shortfall Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means the Australian Securities Exchange or ASX Limited (ACN 008 624 691), as the context requires.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the date on which the Offer is closed, being 5.00pm (WST) on 16 February 2012 (unless extended by the Directors).

Company means Lindian Resources Limited (ACN 090 772 222).

Computershare means Computershare Investor Services Pty Limited (ACN 078 279 277).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Eligible Option means an Option issued by the Company exercisable at \$0.15 each on or before 31 December 2011 and trading on ASX under ASX code "LINO".

Entitlement means the maximum number of Options to which an Optionholder is entitled to apply for (as shown on the Option Offer Acceptance Application Form) under the Offer.

General Meeting means the general meeting of Shareholders of the Company for the purpose of approving a resolution for the issue of the Options under the Offer to be held on 30 January 2012.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

Offer means the priority pro rata offer of one (1) Option for every one (1) Eligible Option to Option Holders on the Record Date, further details of which are included in Section 4 of this Prospectus

Official List means the official list of ASX.

Option means an option issued under this Prospectus exercisable at \$0.08 on or before 31 December 2014 to acquire a Share.

Option Offer Acceptance Application Form means the personalised Option Offer acceptance form either attached to or accompanying this Prospectus.

Optionholder means a holder of Eligible Options.

Prospectus means this prospectus.

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 5.00pm (WST) on 31 December 2011.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Shortfall means all Options not issued to Optionholders pursuant to their respective Entitlements.

Shortfall Application Form means the shortfall application form attached to or accompanying this Prospectus.

Shortfall Offer means the offer of Options comprising the Shortfall as referred to in Section 3.7 of this Prospectus.

WST means Western Standard Time.