



**Ishine International Resources  
Limited**

**ABN 64 139 522 553**

**Annual Report**

**for the financial year ended 31 December 2014**

## Corporate Information

**ABN 64 139 522 553**

### Directors

Mr Yunde Li (Executive Chairman)  
Mr Naiming (James) Li (Non-Executive Director)  
Mr Mark Muzzin (Non-Executive Director)

### Executives

Mr Chuanshui (Frank) Yin (Chief Executive Officer)

### Company Secretary

Mr Leonard Math

### Principal Place of Business

149/311 Hay Street  
EAST PERTH WA 6004  
Tel: (08) 6142 5088  
Fax: (08) 9200 5638

### Registered Office

14 Emerald Terrace  
WEST PERTH WA 6005  
Tel: (08) 9322 2700  
Fax: (08) 9322 7211

### Share Registry

Security Transfer Registrars  
770 Canning Highway  
APPLECROSS WA 6153  
Tel: (08) 9315 2333  
Fax: (08) 9315 2233

### Auditors

PricewaterhouseCoopers  
Brookfield Place,  
125 St Georges Terrace  
PERTH WA 6000  
Tel: (08) 9238 3000  
Fax: (08) 9238 3999

### Internet Address

[www.ishineresources.com](http://www.ishineresources.com)

### Securities Exchange Listing

Ishine International Resources Limited (ISH) shares are listed on the Australian Securities Exchange.

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The financial report comprises the financial statements of Ishine International Resources Ltd as an individual entity. The financial statements are presented in the Australian currency.

Ishine International Resources Ltd is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

C-/GDA Corporate  
Ishine International Resources Ltd  
14 Emerald Terrace  
WEST PERTH WA 6005

Its principal place of business is:

Ishine International Resources Ltd  
149/311 Hay Street  
EAST PERTH WA 6004

A description of the nature of the company's operations and its principal activities is included in the review of operations and activities on pages 3 to 10 and in the directors' report on pages 11 to 17, both of which are not part of the financial statements.

The financial statements were authorised for issue by the directors on 27 March 2015. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Investment highlights on our website: [www.ishineresources.com](http://www.ishineresources.com)

## REVIEW OF OPERATIONS

### Exploration

#### Surrendered Tenements E08/2222, E80/4639 and E80/4448

Since 30 June 2014, Ishine management made a decision to surrender tenements E80/4448 and E80/4639 on the basis of limited ultramafic stratigraphy and limited hosted rock in the tenement areas.

Our JV partner has decided not to invest further funds due to unsatisfactory geochemical sample results, thus Ishine has subsequently decided to surrendered tenement E08/2222.

#### Mt Watson

Ishine has withdrawn from Mt Watson project, for further details please refer to the relevant ASX release dated 5 March 2015.

#### Mt Watson Assay Results

During the year, Ishine International Resources Ltd (Ishine) received recent assay results from diamond drilling conducted at the Mount Watson Copper Project (the Project) during late 2013 and early 2014.

The Project is situated approximately 120 km north of Mt Isa in north-west Queensland and comprises two tenements (EPM15933 and EPM15986) covering an area of 103.6 km<sup>2</sup>. The tenements surround the Mt Watson copper mine (not on the Ishine tenements) produced 8.08 Mt at an average grade of 0.9% Cu.

Seven diamond drillholes (totalling 921.80 m) were drilled on tenement EPM15986 on previously identified versatile time domain electromagnetic survey (VTEM) anomalies 5 km to the south-west and along strike of the Mt Watson copper mine. Table 1 lists the drillhole coordinates and drilling orientation. Figure 1 shows the drillhole locations.

**Table 1 Drillhole Collars**

Drillhole	Easting (m)	Northing (m)	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)
ZK7-3	7811578	379740	283	100.10	120	60
ZK7-4	7811578	379742	283	121.35	300	60
ZK32-1	7810286	377326	242	140.60	245	60
K32-2	7810305	377364	243	189.30	245	60
K35-1	7810725	377103	238	81.05	260	60
ZK31-1	7810092	377400	243	118.30	245	60
ZK31-2	7810136	377473	244	171.1	245	60

The target anomalies exist in a large fold structure believed to be favourable for hosting mineralisation analogous to that found and mined nearby at Mt Watson.

Intervals of mineralisation and other intervals of interest were selectively sampled at one metre intervals from the diamond core. 346 diamond core samples were submitted to Bureau Veritas Amdel for preparation (Mt Isa, Queensland) and analysis (Cardiff, Newcastle, New South Wales). Each sample was dried, crushed and split to approximately 200 grams then pulverised in an LM5 ring mill to 85% passing 75 microns. Each sample was assayed for copper, lead and zinc using induced coupled plasma optical emission spectrometry (ICP-OES).

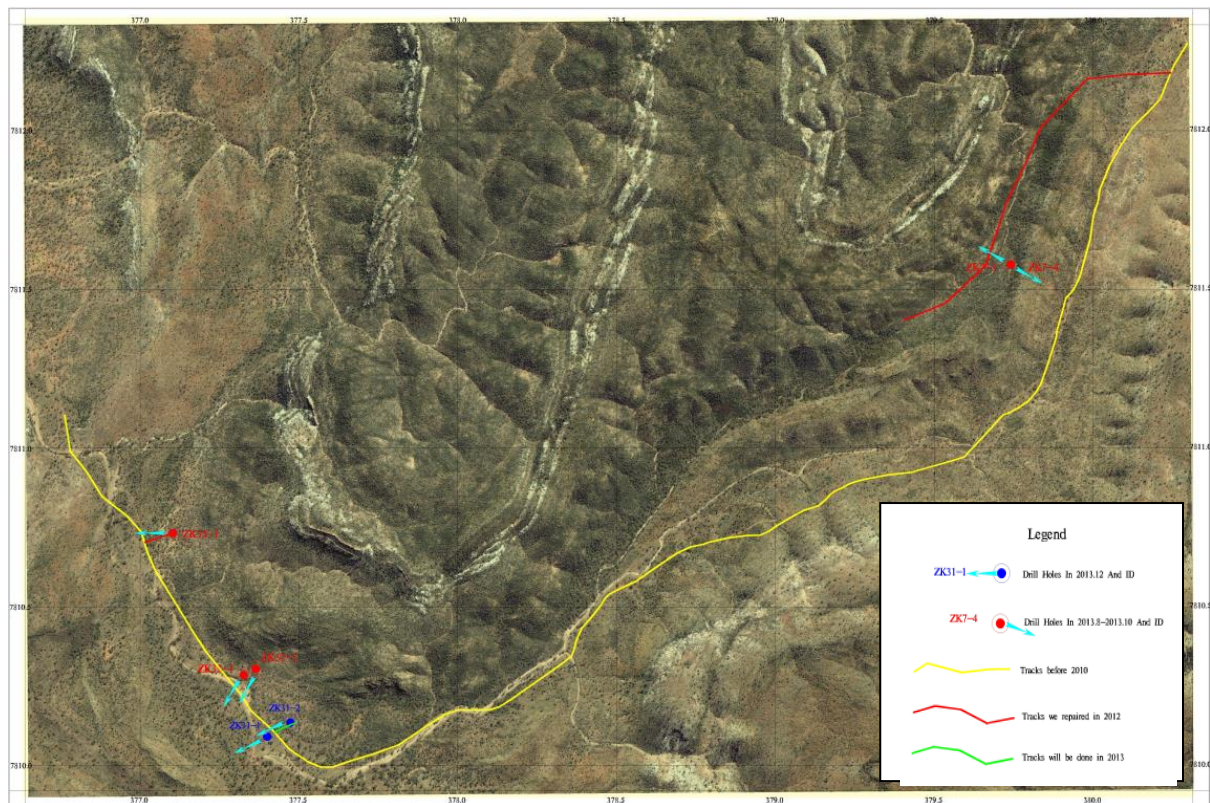
A number of zones of low order anomalous copper (Cu) with grades up to 5,950 ppm Cu were intersected. All results above 1,000 ppm Cu are reported in Table 2.

**Table 2 Anomalous Copper Assays**

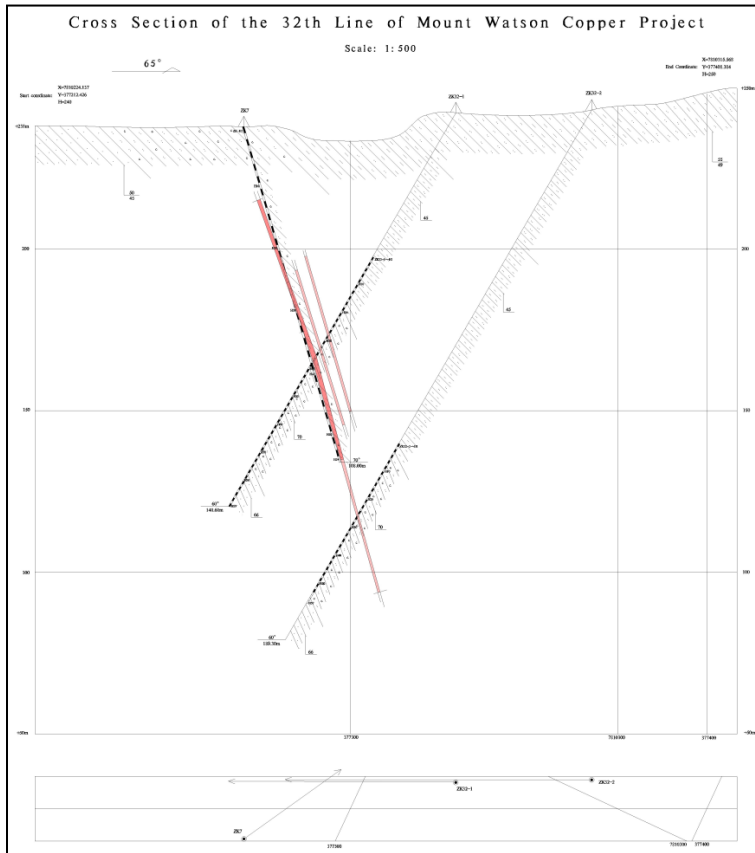
Drillhole	Depth From (m) <sup>1</sup>	Depth To (m) <sup>1</sup>	Cu (ppm)	Pb (ppm)	Zn (ppm)
ZK32-1	21	22	1,350	7	18
	22	23	1,350	6	14
	23	24	1,050	21	27
	26	27	1,700	20	48
	27	28	3,850	23	43
	28	29	1,700	22	39
	29	30	2,550	23	31
	30	31	1,950	23	31
	31	32	2,100	19	39
	32	33	4,400	28	37
	33	34	1,900	17	36
	36	37	4,500	22	42
	37	38	4,050	12	39
	38	39	2,600	14	50
	41	42	2,350	18	22
	42	43	1,400	14	24
	46	47	3,050	165	130
	47	48	2,050	25	27
	48	49	1,450	82	56
	52	53	1,250	16	17
ZK32-2	25	26	4,600	30	1
ZK35-1	1	2	1,900	10	28
	2	3	1,250	5	22
	3	4	5,950	115	96
	7	8	1,000	15	17

<sup>1</sup> Intersections are downhole measurements

**Figure 1 Location of 2013 Drilling**



Scale 1:5000

**Figure 2 Cross Section**

Drilling programs has been conducted at Halls Creek project (tenement E80/4450) and Narembeen Project (tenement E70/3880) with our joint venture partners.

#### **JORC Code Compliance Statement**

The information in this announcement relating to exploration results was compiled by Mr Dean Carville who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Carville is a full-time employee of AMC Consultants Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Carville consents to the inclusion of this information in the form and context in which it appears.

(Refer to ASX announcement dated 21 March 2014 for full details of the drilling result)

#### **Narembeen assay result**

The Narembeen Project (the Project) is located at Narembeen in east WA. The exploration tenement, E70/3880, covers an area of 224km<sup>2</sup>.

One diamond hole was drilled (totalling 200m) on E70/3880 on a previously identified versatile time domain electromagnetic survey (VTEM) anomalies identified in the south of the tenement.

Table 3 lists the drill hole coordinate and drilling orientation. Figure 3 shows the drill hole location. No previous exploration drilling has occurred on this tenement.

**Table 3 Drillhole Collars**

Drillhole	Easting (m)	Northing (m)	Elevation (m)	Depth (m)	Azimuth (°)	Dip (°)
ZK1	6,438,999	631,706	220	200	284	75

Drillhole	Depth From (m) <sup>1</sup>	Depth To (m) <sup>1</sup>	Intercept (m) <sup>1</sup>	Au (ppm)
ZK1	124.2	125.2	1.00	-
	125.2	126.2	1.00	0.11
	126.2	127.2	1.00	-
	127.2	128.2	1.00	-
	128.2	129.2	1.00	0.11
	129.2	130.2	1.00	-
	130.2	131.2	1.00	-
	131.2	132.2	1.00	-
	132.2	133.2	1.00	0.14
	133.2	134.2	1.00	-
	134.2	135.2	1.00	0.11
	135.2	136.2	1.00	-
	136.2	137.2	1.00	0.17
	137.2	138.2	1.00	0.12
	138.2	139.2	1.00	-
	139.2	140.2	1.00	-
	140.2	141.2	1.00	-
	141.2	142.2	1.00	-
	142.2	143.2	1.00	-
	143.2	144.2	1.00	-
	144.2	145.2	1.00	-
	145.2	146.2	1.00	-
	146.2	147.2	1.00	-
	147.2	148.2	1.00	-

**Table 4 Anomalous Gold Assays**

The project area is located in the Western Gneiss Terrane of the southwest Yilgarn Province. The tenement is situated within the Lake Grace Terrane.

Granite and felsic to mafic granulites and gneisses occur in scattered outcrops and sub crops throughout the farming paddocks.

Intervals of mineralisation and other intervals of interest were selectively sampled at one metre intervals from the diamond core. 24 half-core diamond samples were submitted to Quantum Analytical Service (Perth, WA) for sample preparation (drying, crushing, splitting and pulverizing) and analysis. The subsample was pulverized in a LM5 ring mill to 85% passing 75 microns. Each sample was assayed for gold using ICP-MS.

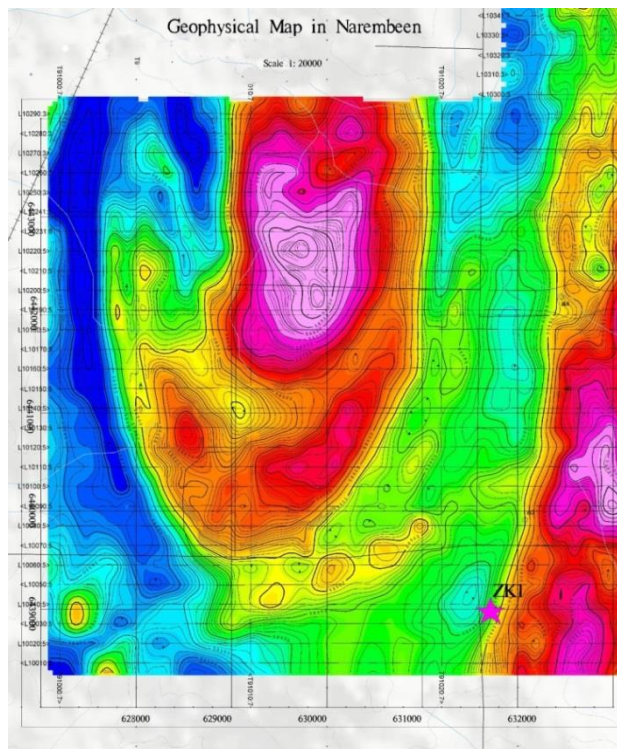
No significant mineralisation has been found.

A number of zones of low order anomalous gold (Au) with grades up to 0.17 g/t Au were intersected. All results are reported in Table 4.

<sup>1</sup> Intersections are downhole measurements

**Figure 3 Location of 2014 Drilling at Naremben**

Ishine is assessing the results of the drilling programme and a plan for further exploration is still to be determined.

**JORC Code Compliance Statement**

The information in this announcement relating to exploration results was compiled by Mr Dean Carville who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Carville is a full-time employee of AMC Consultants Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Carville consents to the inclusion of this information in the form and context in which it appears.

Scale 1:5000

**Halls Creek Project (E80/4450) Drilling Program**

During the year, Ishine has also conducted and completed a ten diamond hole drill program. Over 1300 metres were drilled in our Halls Creek project. The drilling on E80/4450 has completed.

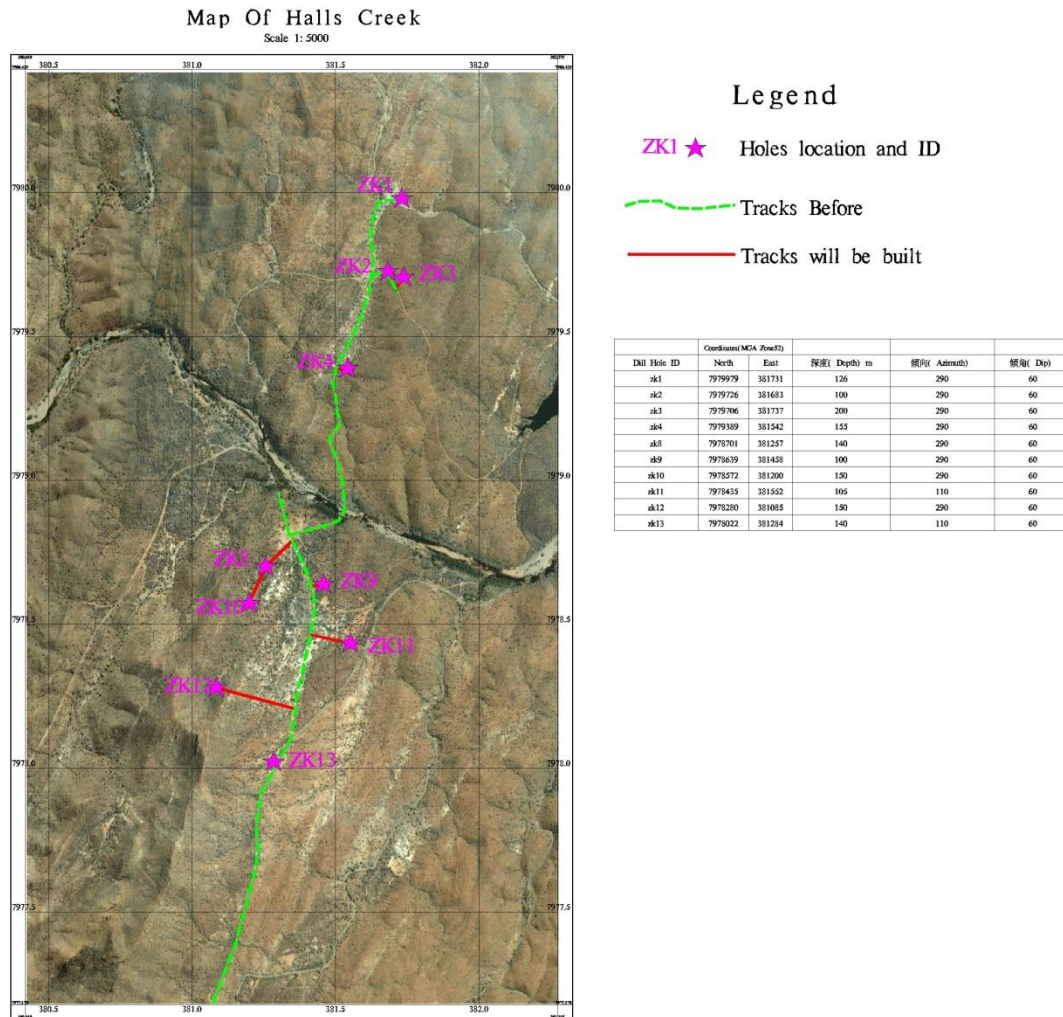
The core samples were sent to a laboratory in Perth for analysis.

Figure 4 Drilling site in Halls Creek project



**Figure 5 Drilling at the Halls Creek project****Table 5 Halls creek drilling details**

Coordinates(MGA Zone52)					
Dill Hole ID	Northing (m)	Easting (m)	Depth (m)	Azimuth (°)	Dip (°)
zk1	7979979	381731	126	290	60
zk2	7979726	381683	100	290	60
zk3	7979706	381737	200	290	60
zk4	7979389	381542	155	290	60
zk8	7978701	381257	140	290	60
zk9	7978639	381458	100	290	60
zk10	7978572	381200	150	290	60
zk11	7978435	381552	105	110	60
zk12	7978280	381085	150	290	60
zk13	7978022	381284	140	110	60

**Figure 4 Drill hole location map for Halls Creek E80/4450**

(Refer to ASX announcement dated 31 July 2014 for full details of the drilling result)

### Withdrawal from Boomarra Project

The Company has withdrawn from the Boomarra project Joint Venture with Kabiri Resources Limited ("Kabiri").

The Boomarra Project, tenement EPM15723, is situated approximately 100km north of Cloncurry in northwest Queensland. The tenement covers an area of 119.8 km<sup>2</sup> and extends for nearly 30km in a NNE direction striking along the Melinda Downs Fault. In 2009, Ishine signed a farm-in Heads of Agreement with Kabiri Resources Pty Ltd to earn a 49% and 70% undivided interest from the Project.

In April 2011, Ishine announced that the Company had earned 49% undivided interest in the Boomarra Project. Following further review by management, Ishine decided not to pursue any further interest in the Boomarra Project and withdrew from the Boomarra Project Joint Venture with Kabiri effective immediately. Due to the withdrawal, Ishine has relinquished all the interest and the liabilities in the project.

## Tenement Information

State	Licence Number	Status	Locality
<b>WA</b> 841km <sup>2</sup>	E 80/4478	100% Ishine	HALLS CREEK
	E 70/3880	100% Ishine	NAREMBEEN SHIRE
	E 80/4450	100% Ishine	HALLS CREEK
	E 77/1786	100% Ishine	MERREDIN, NAREMBEEN AND YILGARN
	E 37/1073	100% Ishine	LAVERTON
	E 39/1582	100% Ishine	LAVERTON
	E 37/1074	100% Ishine	LAVERTON
	E80/4619	100% Ishine	MOOLA BULLA, KIMBERLEY
<b>SA</b> 2,270km <sup>2</sup>	EL4830	100% Ishine	MULGA WELLS, SA
	EL4831	100% Ishine	MULGARIA, NORTH OF OLYMPIC DAM
	EL4833	100% Ishine	WILLOURAN RANGES, SA
<b>SUMMARY</b>	<b>11</b> Tenements		<b>WA and SA</b>

## Directors' Report

The directors of Ishine International Resources Limited ("the Company") submit herewith the annual report of the Company for the financial year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors' report is as follows:

### INFORMATION ABOUT THE DIRECTORS AND SENIOR MANAGEMENT

The names and particulars of the directors of the Company during or since the end of the financial year are:

Name	Particulars
<b>Mr Yunde Li</b> Executive Chairman	<p>Mr Yunde Li has been a Director, General Manager and a principal shareholder of Ishine Mining Company Co. Ltd (IMGC) since 2001. He is an economist and has over 20 years' experience in mining and mineral processing with extensive training in business administration at Beijing University and Tsinghua University.</p> <p>From 1966 to 2001 he was General Manager of Yishui Xinxing Mining. He has been involved as an investor, promoter and/or director in resource companies such as, Yishui Xingxing Mining Pty Ltd, Shandong Ishine Mining Co, Yishui Heshen Mineral Process Pty Ltd, which have joint assets of over \$200 million and generates an annual profit of approximate \$70 million.</p> <p>Mr Li has not held any directorships of other listed companies in the last 3 years.</p>
<b>Mr Naiming (James) Li</b> Non-executive Director	<p>Mr James Li holds a Bachelor's Degree from Fudan University in China in Science, Majoring in Organic Chemistry and a Post Graduate Diploma in Industrial Chemistry from Swinburne University, Victoria, Australia. He was the Chief Representative of China Business in a leading full services broking house in Australia for the last ten (10) years. He is now a director of a stockbroking house in Melbourne with operations in both Australia and Hong Kong.</p> <p>Mr Li has strong relationships in China across all levels of government, through to state owned enterprises and private companies. He has a particularly strong relationship with the China Mining Association (CMA).</p> <p>He provides financial services to Chinese communities across Australia and overseas. He has been involved in a range of major corporate deals in Australia involving China including facilitating the first uranium deal between Australia and China in 2006 and initiating and facilitating the Western Australian Abra project in 2007. He also was involved in many other Iron Ore and base metal corporate deals. In the past few years, he has also helped many Chinese companies with their ASX listings.</p> <p>Mr Li is the Deputy Secretary of International Mining Promotions of the CMA. He is also the Vice President of the Australia – China Mining Association.</p> <p>Mr Li is a Director of ASX Listed Australia New Agribusiness and Chemical Group Limited.</p> <p>Mr Li was a non-executive Director of Rocklands Richfield Ltd which was listed in the ASX. He was appointed 20 October 2009 (Directorship ended December 2012).</p>
<b>Mr Mark Muzzin</b> Non-executive Director	<p>Mr Mark Muzzin has had over 20 years of commercial experience and holds a B.A. degree from Latrobe University, Melbourne. His career commenced in the mid-eighties with a London stock broking firm and he has consulted for two of the major banks in Australia in the share custodian area. He has been involved in capital raising activities for resource companies in Australia and has consulted to various oil &amp; gas and minerals companies. Mr Muzzin has served as General Manager of a number of public companies.</p> <p>Mr Muzzin is the CEO and has served as Managing Director of Strategic Energy Resources Limited, an ASX listed company, appointed 4 December 2008. He is also a Director of a number of Australian private companies.</p>

## Directors' shareholdings

The following table sets out each director's relevant interest in shares of the Company as at the date of this report. There were no options on issue to directors during the period up to the date of this report.

	Shares	
	<i>Held directly</i>	<i>Held indirectly</i>
Mr Yunde Li (i)	10,000,000	63,151,291
Mr Naiming (James) Li	-	-
Mr Mark Muzzin	-	-

(i) The 63,151,291 shares are held in the name of Shandong Ishine Mining Industry Co Ltd (a company in which the Director is a shareholder).

## Chief Executive Officer

Name	Particulars
<b>Mr Chuanshui (Frank) Yin</b> Chief Executive Officer	<p>Mr Yin has nearly 20 years of operational and management experience, starting his career in a large juice enterprise in the People's Republic of China in 1994. He has had mining and mineral processing training in business administration at Tsinghua University and Toronto University. He has been active in developing Sino-Australian business ventures in mining and has facilitated a number of negotiations between Chinese and Australian parties in mining development investments and off-take agreements. He has developed a good network of business relationships all around the world.</p> <p>Mr Yin holds a Master's degree in Economics and Law from Zhongnan University. He is currently completing a doctorate degree in Finance. He has significant diverse experience in business marketing and finance research.</p> <p>Mr Chuanshui Yin has not held any directorships of other listed companies in the last 3 years.</p>

## Company secretary

Name	Particulars
<b>Mr Leonard Math</b> BBus, CA	<p>Mr Leonard Math graduated from Edith Cowan University, majoring in Accounting and Information Systems, in 2003 and is a member of the Institute of Chartered Accountants in Australia. In 2005 Mr Math worked in the audit division at Deloitte before joining GDA Corporate. He is currently the Manager for Corporate Services at GDA Corporate.</p> <p>His public company responsibilities include corporate compliance roles, including extensive liaison with ASX and ASIC, control and implementation of corporate governance, completion of annual financial reports and auditor liaison, and shareholder relations with registry and shareholders both retail and institutional.</p> <p>He is also the Company Secretary of Dragon Energy Limited, Mako Hydrocarbons Ltd, Elemental Minerals Limited, Padbury Mining Ltd and RMA Energy Limited.</p>

## PRINCIPAL ACTIVITIES

The principal continuing activity of the Company during the financial year was the exploration of mineral prospects.

## REVIEW OF OPERATIONS

A review of the Company operations for the financial year is set out in the Review of Operations on pages 3 to 10 of this report.

## CHANGES IN THE STATE OF AFFAIRS

Apart from noted elsewhere in this report, no significant changes in the state of affairs of the Company occurred during the financial year.

## SUBSEQUENT EVENTS

Ishine has withdrawn from and relinquished its interest in the Mt Watson Project. There are no other matters or circumstance has arisen since 31 December 2014, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

## FUTURE DEVELOPMENTS

The Company will continue its mineral exploration activities with the objective of finding mineralised resources.

## DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

## ENVIRONMENTAL REGULATIONS

The Company is subject to significant environmental regulation in respect to its exploration activities. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The company has considered relevant impacts and ensured the company is compliant with environmental reporting requirements described in ASIC Regulatory Guide 68 New Financial Reporting and procedural requirements. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

## SHARES UNDER OPTION

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Ishine International Resources Limited	5,000,000	Ordinary	20 cents	31 December 2015

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the company.

In addition to the above share options there are also 600,000 shares unissued but granted to CEO Mr Chuanshui Yin in accordance with his employment agreement upon fulfilment of his second year of service.

## INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year the Company paid a premium in respect of a contract insuring the directors of the Company, the company secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The premium for director and officer's liability is \$6,816.70 (December 2013: \$4,810.85), limit of indemnity is \$5,000,000 (December 2013: \$5,000,000).

The Company has entered into a Deed of Indemnity, Insurance and Access with each Director. In summary the Deed provides for:

- Access to corporate records for each Director for a period after ceasing to hold office in the Company,
- The provision of Directors and Officers Liability Insurance, and
- Indemnity for legal costs incurred by Directors in carrying out the business affairs of the Company.

Except for the above the Company has not otherwise, during or since the financial year, except to the amount permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

## DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings held during the financial year ended 31 December 2014 and the number of meetings attended by each director (while they were a director). During the financial year 3 board meetings were held.

Directors	Board of Directors	
	No of eligible meetings to attend	Number attended
Mr Yunde Li	2	2
Mr Naiming (James) Li	2	1
Mr Mark Muzzin	2	2

## NON-AUDIT SERVICES

No non-audit services have been provided during the year. For details of amounts paid or payable to the auditor for audit services provided during the period are outlined in note 23 to the financial statements.

## Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

## AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 18 of the financial report.

## REMUNERATION REPORT (audited)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Ishine International Resources' directors and senior management for the financial year ended 31 December 2014. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and key management personnel details
- remuneration policy
- remuneration of directors and key management personnel
- key terms of employment contracts

### Director and key management personnel details

The following persons acted as directors during or since the end of the financial year:

Mr Yunde Li	Executive Chairman
Mr Naiming (James) Li	Non-executive Director
Mr Mark Muzzin	Non-executive Director

The term "key management personnel" is used in this remuneration report to refer to the following persons. Except as noted the named persons held their current positions for the whole of the period and since the end of the financial year:

Mr Chuanshui Yin	Chief Executive Officer
Mr Leonard Math	Company Secretary

### Remuneration and nomination procedures

The Board considers that the Company is not of a size to justify the formation of a remuneration or nomination Committee. The Board is able to address these aspects of the Company's activities and will adhere to the appropriate ethical standards and with the relevant remuneration and nomination procedures.

The Board will review the remuneration policies and packages of all Directors and senior executive officers on at least an annual basis. The Board will also periodically review the composition of the Board and make necessary changes to ensure that it comprises persons who have the skill and experience appropriate for the business activities and operations undertaken by the Company.

If a vacancy occurs or if it is considered that the Board would benefit from the services and skills of an additional Director, the Board will select and appoint the most suitable candidate. Any such appointee would be required under the Constitution to retire at the next annual general meeting and is eligible for re-election by the shareholders at that meeting.

### Remuneration policy

Remuneration levels for executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and individual's experience and qualifications. The Company's Constitution provides that the remuneration of Directors will not be more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration has been set at an amount not to exceed \$450,000 per annum.

Fees for non-executive directors are not linked to the performance of the Company.

The executive directors and full time executives receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

### Relationship structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

### Non-executive director remuneration

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually.

Each of the non-executive Directors receives a fixed fee for their services as Directors. There is no direct link between remuneration paid to any of the Directors and corporate performance such as bonus payments for achievement of certain key performance indicators. There are no retirement benefits for non-executive Directors.

### Executive remuneration

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. The remuneration of executive Directors and other executives is fixed by the Board and may be paid by way of cash settled salary or the issue of equity.

Remuneration consists of cash settled remuneration and share based payment.

#### Cash settled remuneration

The level of cash settled remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Cash settled remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice.

The cash settled is a base salary or monthly consulting fee.

#### Share based payment

Share based payment is set so as to provide a remuneration which is both appropriate to the position and is competitive in the market. Share based payment is based on fulfilment of conditions set out in the executive employment contract.

### Remuneration of directors and key management personnel

The directors and the Company executives received the following amounts as compensation for their services as directors and executives of the Company during the financial year ended 31 December 2014:

Financial year ended 31 December 2014

Name	Short-term employee benefits		Post- employment benefits		Total	% consisting of options
	Cash salary and fees	Other services	Superannuation	Share-based payment shares		
	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Yunde Li	-	-	-	-	-	-
Naiming (James) Li (i)	54,000	-	-	-	54,000	-
Mark Muzzin (ii)	54,000	-	-	-	54,000	-
<b>Executives</b>						
Leonard Math (iii)	27,300	29,853	-	-	57,153	-
Chuanshui Yin	114,000	-	10,673	55,000	179,673	-
<b>TOTAL</b>	<b>249,300</b>	<b>29,853</b>	<b>10,673</b>	<b>55,000</b>	<b>344,826</b>	<b>-</b>

(i) Naiming (James) Li is the director and beneficiary of Pacway Investments Pty Ltd which received director's fees of \$33,300 and accrued \$20,700 to be paid upon a successful capital raising, totalling \$54,000 for the year ended 31 December 2014 from Ishine.

(ii) Mark Muzzin is a partner of the partnership M & C Muzzin which received director's fees of \$34,200 and accrued \$19,800 to be paid upon a successful capital raising, totalling \$54,000 for the year ended 31 December 2014 from Ishine.

(iii) These payments were made to GDA Corporate, a company of which Leonard Math is an employee. The fees include accounting fee of \$2,450 per month and company secretarial fees of \$2,450 per month provided to the company and other minor services. From 1 October 2014 the fees are amended to \$1,750 per month for each services due to Ishine's cash position. Details are set out in Key Terms of Employment Contracts.

**Ishine International Resources Limited - Annual Report**

6 month period ended 31 December 2013

Name	Short-term employee benefits		Post-employment benefits		Total	% consisting of options
	Cash salary and fees	Other services	Superannuation	Share-based payment shares		
	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Yunde Li	-	-	-	-	-	-
Naiming (James) Li	27,000	-	-	-	27,000	-
Mark Muzzin	27,000	-	-	-	27,000	-
<b>Executives</b>						
Leonard Math (i)	21,000	21,000	-	-	42,000	-
Chuanshui Yin (ii)	90,000	-	8,325	60,500	158,825	-
<b>TOTAL</b>	<b>165,000</b>	<b>21,000</b>	<b>8,325</b>	<b>60,500</b>	<b>254,825</b>	<b>-</b>

(i) These payments were made to GDA Corporate, a company of which Leonard Math is an employee. The fees include accounting fee of \$3,500 per month and company secretarial fees of \$3,500 per month provided to the company

(ii) Effective 1 December 2012, according to the employment contract with Mr. Yin, effective 1 December 2012, total remuneration includes the granting of 300,000 ordinary fully paid shares in the company for every year of service for a period of three years (900,000 ordinary fully paid shares in total). There are no performance conditions attached to the issue of these shares.

**Share-based payments approved to be issued as compensation in the current financial year**

There are 600,000 shares to be issued to CEO Mr Chuanshui Yin in accordance with his employment contract effective 1 December 2012, based on his completion of his second full year of service as at the date of this report.

**Performance of Ishine International Resources Limited**

The table below sets out summary information about the entity's earnings and movements in shareholder wealth for the 5 years to 31 December 2014. (The company was incorporated on 18 September 2009.)

	Year ended 31 December 2014	6 months ended 31 December 2013	Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011
	\$	\$	\$	\$	\$
Revenue	85,855	5,508	12,551	-	18,333
Net loss before tax	(1,365,926)	(480,732)	(2,416,687)	(653,176)	(2,451,978)
Net loss after tax	(1,365,926)	(480,732)	(2,416,687)	(653,176)	(2,451,978)

	31 December 2014	31 December 2013	30 June 2013	30 June 2012	30 June 2011
	\$	\$	\$	\$	\$
Share price at beginning of period/year	\$0.22	\$0.22	\$0.20	\$0.14	\$0.27
Share price at end of period/year	\$0.22	\$0.22	\$0.22	\$0.20	\$0.14
Dividends	-	-	-	-	-
Basic and diluted earnings per share (cents per share)	(1.50)	(0.53)	(2.71)	(0.75)	(2.82)

There is no link between company key management personnel remuneration and company performance.

**Key Terms of Employment Contracts**

Mr Chuanshui Yin was appointed as Chief Executive Officer of the Company effective 1 December 2012. Upon amendment in 1 September 2014, Mr Yin's current remuneration package is \$90,000 per annum base salary paid in cash plus statutory superannuation of 9.5% and 300,000 shares. The Company agreed to issue Mr Yin with 300,000 ordinary fully paid shares in the Company for every year of service for a complete period of 3 years and on the terms and conditions set out in the employment agreement. As at 31 December 2013 Mr Yin has satisfied the second year service condition and therefore shares were approved to be issued. Mr Yin has been engaged under an open term arrangement i.e. no fixed term. This permanent employment agreement may be terminated at any time by either party giving 3 months' notice in writing to the other.

GDA Corporate, a company of which Leonard Math is an employee, has two services contract with Ishine International Resources Ltd both signed on 20 December 2009. Company Secretarial services agreement has a 3 months' notice period. Upon amendment due to current company financial condition the fees for both services are \$2,450 per month each from 1 January 2014 and subsequently amended to \$1,750 per month each from 1 October 2014.

Signed in accordance with a resolution of the directors.



Mr Yunde Li  
Executive Chairman  
27 March 2015  
Shandong, China



## Auditor's Independence Declaration

As lead auditor for the audit of Ishine International Resources Limited for the year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'B. Gargett', written over the printed name.

Ben Gargett  
Partner  
PricewaterhouseCoopers

Perth  
27 March 2015

# Financial Report

## Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 31 DECEMBER 2014

Notes

Company

6 months ended

31 December  
201431 December  
2013

\$

\$

Revenue	5	85,855	5,508
Other income	6	421,524	57,048
Depreciation expense	11	(24,582)	(38,475)
Tenement and exploration expenses		(443,703)	(21,416)
Impairment of exploration and evaluation expenditure	12	(613,053)	-
Impairment of financial assets	10	(166,000)	-
Accounting and audit fees		(70,654)	(53,245)
Occupancy expenses		(102,849)	(60,182)
Administrative expenses		(50,280)	(44,692)
Employee benefit expenses		(365,995)	(289,229)
Other expenses	6	(36,189)	(36,049)
<b>LOSS BEFORE INCOME TAX</b>		<b>(1,365,926)</b>	<b>(480,732)</b>
Income tax expense	8	-	-
<b>LOSS FOR THE YEAR/PERIOD</b>		<b>(1,365,926)</b>	<b>(480,732)</b>
<b>LOSS FOR THE YEAR/PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF ISHINE INTERNATIONAL RESOURCES LIMITED</b>	15(c)	<b>(1,365,926)</b>	<b>(480,732)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) NET OF TAX</b>			
<b>Items that may be reclassified to profit or loss</b>			
Changes in fair value of available for sale financial assets	15(a)	(182,600)	91,300
Recycle to profit and loss statement due to recognition of impairment of available for sale financial assets	15(a)	166,000	-
<b>Other Comprehensive (loss)/income for the year/period</b>		<b>(16,600)</b>	<b>91,300</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD</b>		<b>(1,382,526)</b>	<b>(389,432)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF ISHINE INTERNATIONAL RESOURCES LIMITED</b>		<b>(1,382,526)</b>	<b>(389,432)</b>
Basic and diluted loss per share (cents per share)	16	(1.50)	(0.53)

Notes to the Financial Statements are included on pages 23 to 42

## Financial Report (Cont'd)

### Statement of Financial Position

AT 31 DECEMBER 2014

Company

	Notes	31 December 2014 \$	31 December 2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	254,013	535,653
Trade and other receivables	9	30,316	163,755
<b>TOTAL CURRENT ASSETS</b>		<u>284,329</u>	<u>699,408</u>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	10	83,000	265,600
Property, plant and equipment	11	9,829	34,411
Deferred exploration and evaluation expenditure	12	-	613,053
<b>TOTAL NON-CURRENT ASSETS</b>		<u>92,829</u>	<u>913,064</u>
<b>TOTAL ASSETS</b>		<u>377,158</u>	<u>1,612,472</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	134,712	59,589
Unearned revenue	13	17,089	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>151,801</u>	<u>59,589</u>
<b>TOTAL LIABILITIES</b>		<u>151,801</u>	<u>59,589</u>
<b>NET ASSETS</b>		<u>225,357</u>	<u>1,552,883</u>
<b>EQUITY</b>			
Contributed equity	14	7,621,235	7,621,235
Reserves	15(a)	1,095,749	1,057,349
Accumulated losses	15(c)	(8,491,627)	(7,125,701)
<b>TOTAL EQUITY</b>		<u>225,357</u>	<u>1,552,883</u>

Notes to the Financial Statements are included on pages 23 to 42

## Financial Report (Cont'd)

### Statement of Changes in Equity

<b>YEAR ENDED 31 DECEMBER 2014</b>	<b>Contributed Equity \$</b>	<b>Accumulated Losses \$</b>	<b>Share Based Payments Reserve \$</b>	<b>Investment Revaluation Reserve \$</b>	<b>Total \$</b>
<b>Opening Balance</b>	7,621,235	(7,125,701)	1,040,749	16,600	1,552,883
Loss for the period	-	(1,365,926)	-	-	(1,365,926)
Changes in fair value of available for sale financial assets	-	-	-	(182,600)	(182,600)
Cumulative loss reclassified to profit or loss on impairment of available for sale assets	-	-	-	166,000	166,000
<b>Total comprehensive loss for the year</b>	-	(1,365,926)	-	(16,600)	(1,382,526)
<b>Transactions with owners in their capacity as owners</b>					
Share based payments	-	-	55,000	-	55,000
<b>AT 31 DECEMBER 2014</b>	<b>7,621,235</b>	<b>(8,491,627)</b>	<b>1,095,749</b>	<b>-</b>	<b>225,357</b>

<b>SIX MONTH PERIOD ENDED 31 DECEMBER 2013</b>	<b>Contributed Equity \$</b>	<b>Accumulated Losses \$</b>	<b>Share Based Payments Reserve \$</b>	<b>Investment Revaluation Reserve \$</b>	<b>Total \$</b>
<b>Opening Balance</b>	7,621,235	(6,644,969)	980,249	(74,700)	1,881,815
Loss for the period	-	(480,732)	-	-	(480,732)
Changes in fair value of available for sale financial assets	-	-	-	91,300	91,300
<b>Total comprehensive income/(loss) for the year</b>		(480,732)	-	91,300	(389,432)
<b>Transactions with owners in their capacity as owners</b>					
Share based payments	-	-	60,500	-	60,500
<b>AT 31 DECEMBER 2013</b>	<b>7,621,235</b>	<b>(7,125,701)</b>	<b>1,040,749</b>	<b>16,600</b>	<b>1,552,883</b>

Notes to the Financial Statements are included on pages 23 to 42

## Financial Report (Cont'd)

### Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2014

Notes

Company

		Year ended 31 December 2014 \$	6 months ended 31 December 2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Operating activities (inclusive of GST)		569,228	57,048
Payments to suppliers and employees (inclusive of GST)		(475,479)	(434,180)
Interest received		8,111	1,886
Payments for exploration activities (inclusive of GST)		(474,995)	(75,425)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	7	<b>(373,135)</b>	<b>(450,671)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipt of matured term deposit		91,495	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		<b>91,495</b>	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(281,640)	(450,671)
Cash and cash equivalents at the beginning of the year		535,653	986,324
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	7	<b>254,013</b>	<b>535,653</b>

Notes to the Financial Statements are included on pages 23 to 42

## Notes to the Financial Statements

### 1. GENERAL INFORMATION

Ishine International Resources Limited ('Ishine') is incorporated and operates in Australia. Ishine is a listed public company on the Australian Securities Exchange. The address of its registered office and principal place of business are disclosed on the inside cover of the financial report. This financial report for Ishine is for the year ended 31 December 2014.

In the prior year the Company changed its reporting date to 31 December, resulting in a six month period. The Company made the change in accordance with section 323D (2A) of the Corporations Act 2001. The directors believe it is in the best interests of the Company to make the change which will see Ishine synchronise its financial year with the reporting obligation of its major shareholder, Shandong Ishine Mining. Therefore the comparative figures in this report are for the 6 months ended 31 December 2013. Thus the prior year figures are not entirely comparable.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Ishine International Resources Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on an accrual basis and is based on historical cost modified by the revaluation of available-for-sale financial assets and share based payment for which the fair value basis of accounting has been applied. Accounting policies applied are consistent with those of the prior year.

Ishine International Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Company are described in the Directors' Report.

#### Compliance with IFRS

The financial statements of the Ishine International Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### Going Concern

For the year ended 31 December 2014, the Company incurred a loss after tax of \$1,365,926 (six months ended 31 December 2013: \$480,732 loss) and net cash outflows from operating activities of \$373,135 (six months ended 31 December 2013: \$450,671). The Company has forecast that it will require additional funding to meet its future obligations as the Company is expected to be in a cash deficit position by June 2015. Settlement of the Company's obligations, including minimum exploration expenditure commitments on its tenements and corporate costs, as and when they fall due, will require the company to be successful in obtaining additional financing. The options management are currently considering include raising funds from existing shareholders, raising equity from new shareholders and entering into joint venture arrangements with new joint arrangement partners.

In the case where funds are unable to be raised through these options, China Zhongsheng Resources Holdings Limited, the ultimate parent company of Ishine's major shareholder, has agreed to provide sufficient financial assistance to the Company as and when it is needed, through a Letter of Financial Support, to enable the Company to continue its operations and fulfil all of its financial obligations now and in the future. This support will be provided for a minimum period of twelve months from the date of approval of these financial statements.

Further, China Zhongsheng Resources Holdings Limited has injected \$107,000 subsequent to year end to Ishine through a loan to cover the next three months' cash outflow, and has committed in writing to continue to provide the required capital every three months thereafter, based on the Company's current cash flow forecast, to enable Ishine to continue as a going concern.

Whilst there is uncertainty about the entity's ability to secure future funding, the directors are confident that the company will be successful through the options presented above, and therefore have prepared the financial report on a going concern basis..

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of Australian Accounting Standards management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to Note 3 for a discussion of critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty.

## Notes to the Financial Statements (Cont'd)

### Application of New and Revised Accounting Standards

#### *New accounting standards and interpretations*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2014 reporting periods and have not yet been applied in the financial statements. The Company's assessment of the impact of these new standards and interpretations is set out below.

- (i) *AASB 9 Financial Instruments* (Must be applied for financial years commencing on or after 1 January 2018).

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.

The Company is still considering the impact of the new standard.

- (ii) *AASB Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*

In January 2015 the AASB approved a number of amendments to Australian Accounting Standards as a result of the annual improvements project. The Company is yet to assess the full impact of these amendments.

- (iii) *AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 (Mandatory for financial years commencing on or after 1 January 2016)*

In January 2015, the AASB made various amendments to AASB 101 as part of the Disclosure Initiative which explores how financial statement disclosures can be improved. The amendments clarify guidance in AASB 101 on: materiality and aggregation, presentation of subtotals, structure of financial statements and disclosure of accounting policies. The Company is yet to assess the full impact of these amendments, but do not expect the impact to be material to future reporting periods.

- (iv) *AASB 15 Revenue from contracts with customers* (Mandatory for financial years commencing on or after 1 January 2017)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. Management is currently assessing the impact of the new rules and at this stage; the Company is not able to estimate the impact of the new rules on the company's financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## Notes to the Financial Statements (Cont'd)

### (a) Segment information

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team being CEO and Board of directors.

The Company aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

### (b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset. Management fee for exploration tenements is recognised when the service is provided to the relevant joint venture.

### (c) Income tax

The current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged or credited in the profit or loss component of statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences and unused tax losses or tax credits can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

### (d) Impairment of non-financial assets

The Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value less costs to sell. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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 risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After

## Notes to the Financial Statements (Cont'd)

such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### (e) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

### (f) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are initially recognised at fair value and subsequently carried at amortised cost less an allowance for any uncollectible amounts. Term deposits with more than 3 month maturity date have been classified as other receivables. An allowance for doubtful debts is recognised when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

### (g) Financial instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

#### Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell an asset or to transfer a liability between market participants at the measurement date under current market conditions (ie an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

When a price for an identical asset or liability is not observable, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

Amortised cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

#### (i) Loans and receivables

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

#### (ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Purchases and sales of investments are recognised on trade-date being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

## Notes to the Financial Statements (Cont'd)

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss in the Statement of Comprehensive Income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale investments are recognised in equity in the "investment revaluation reserve". When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Income as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing methods refined to reflect the issuer's specific circumstances.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments are not reversed through the Statement of Comprehensive Income.

### (iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

## Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

## Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of equity available-for-sale (AFS) financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

### Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### (h) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the last trade price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

## Notes to the Financial Statements (Cont'd)

### (i) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and impairment loss.

#### Plant and equipment

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment	10 – 67%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

### (j) Exploration and evaluation expenditure

An exploration and evaluation asset shall only be recognised in relation to an area of interest if the following conditions are satisfied:

- (a) the rights to tenure of the area of interest are current; and
- (b) at least one of the following conditions is also met:
  - (i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; and
  - (ii) exploration and evaluation activities in the area of interest have not at the end of the reporting period 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 arising out of acquisition of an area of interest are capitalised as part of the deferred exploration and evaluation asset. Subsequent to acquisition, exploration expenditure is expensed as incurred in accordance with the company's accounting policy. Development costs relating to specific properties are capitalised once management determines the property will be developed. A development decision is made based upon consideration of project economics, including future metal prices, reserves, resources and estimated operating and capital costs. The capitalised costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the capitalised costs for the relevant area of interest are reclassified to mine properties and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. If a trigger event is determined to have occurred, the assets are assessed for impairment in accordance with the policy contained in Note 2 (d).

The capitalised costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

### (k) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### (l) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

### (m) Contributed equity

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.

## Notes to the Financial Statements (Cont'd)

### (n) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### (o) 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 included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

### (p) Share based payments

Equity-settled share-based payments are measured at fair value at the date of grant.

Option fair value is measured by use of the Black & Scholes option pricing model. At the end of each reporting period the company revises its estimate of expected life of the options issued. The number of equity instruments expected to vest has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest.

For cash-settled share based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

### (q) Provisions

Provisions are recognised when the Company 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.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

### (r) Other income

Other income is recognised to the extent that it is probable that the economic benefits will flow to the Company and other income can be reliably measured. The Company's Other Income includes vehicle rental income and refunds from JV partners.

### (s) Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

## Notes to the Financial Statements (Cont'd)

### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

#### *Key Judgments – Exploration and Evaluation Expenditure*

The Company's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the profit or loss. The carrying amount of the deferred exploration and evaluation expenditure at 31 December 2014 is Nil (31 December 2014: \$613,053) as set out in note 12.

#### *Key judgement – AFS impairment*

In the 2014 financial statements, the company made a significant judgment about the impairment of its available-for-sale financial asset. To determine if an available-for-sale financial asset is impaired, the Company evaluates the duration and extent to which the fair value of the asset is less than its cost, and the financial health of and short-term business outlook for the investee (including factors such as industry and sector performance, changes in technology and operational and financing cash flows). While the fair value of the Company's available-for-sale financial asset had fallen below cost as at 31 December 2014, the Company determined that these declines in fair value were expected to be significant or prolonged and hence impairment needed to be recognised.

Based on the fact that the declines in fair value below cost had been significant or prolonged, the Company has suffered an additional loss of \$182,600 in its 2014 financial statements. This amount consists of \$166,000 impairment write off and \$16,600 represents changes in investment revaluation reserve. The carrying amount of available-for-sale financial asset as of 31 December 2014 is \$83,000 (31 December 2013: \$265,600) as set out in note 10.

#### *Key Judgement – Income Tax*

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered probable that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

## Notes to the Financial Statements (Cont'd)

### 4. SEGMENT INFORMATION

#### Description of segments

The Company operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the directors for assessing performance and determining the allocation of resources within the Company. All of the Company's mineral exploration activity is based in Australia.

	Company	
	31 December 2014	6 months ended 31 December 2013
	\$	\$
<b>5. REVENUE</b>		
Interest Income	6,988	5,508
Exploration management services income	78,867	-
	<u>85,855</u>	<u>5,508</u>
<b>6. OTHER INCOME AND EXPENSES</b>		
(a) Other income:		
Vehicle rental income	7,500	-
Refunds from Joint Venture Partners	414,024	57,048
	<u>421,524</u>	<u>57,048</u>
(b) Other expenses includes the following specific expenses:		
Stock exchange and registry fees	(20,777)	(27,983)
Insurance expenses	(15,410)	(8,066)
Interest expenses	(2)	-
	<u>(36,189)</u>	<u>(36,049)</u>
(c) Employee expenses include 9.5% (9.25% up to 30 June 2014) of superannuation as defined contribution plan.		
<b>7. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	254,013	535,653
	<u>254,013</u>	<u>535,653</u>
<b>Reconciliation of loss for the year to net cash flows used in operating activities:</b>		
<b>Loss for the year</b>	(1,365,926)	(480,732)
<b>Non-cash expenses:</b>		
Depreciation	24,582	38,475
Impairment of financial assets	166,000	-
Impairment of exploration and evaluation expenditure	613,053	-
Share based payment	55,000	60,500
<b>Changes in assets and liabilities:</b>		
(Increase)/Decrease in:		
Receivables	41,944	(50,992)
(Decrease)/Increase in:		
Payables	92,212	(17,922)
<b>Net cash flows used in operating activities</b>	<u>(373,135)</u>	<u>(450,671)</u>

## Notes to the Financial Statements (Cont'd)

	Company	
	31 December 2014	31 December 2013
	\$	\$
<b>8. INCOME TAX</b>		
<b>(a) Income tax expense/(benefit)</b>		
The income tax(benefit) for the year differs from the prima facie tax as follows:		
Loss for year	(1,365,926)	(480,732)
Prima facie income tax (benefit) @ 30% (2013: 30%)	(409,778)	(144,220)
Non-deductible expenses	16,538	18,150
Current year deferred tax assets not brought to account	393,240	126,070
Total income tax expense	-	-
<b>(b)Unrecognised deferred tax assets</b>		
Deferred tax assets not brought to account the benefits of which will only be realised if the conditions for deductibility set out in Note 2(c) occur:		
- Tax Losses	1,807,424	1,648,935
- Capital raising costs	-	6,901
- Temporary differences	249,063	7,411
Net unrecognised deferred tax asset	2,056,487	1,663,247
<b>9. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables*	-	9,059
Deposits paid	20	20
Prepaid expenses	27,692	47,148
GST recoverable	2,604	14,910
Interest Accrued	-	1,123
Term deposit **	-	91,495
	30,316	163,755
*None of the receivables past due but not impaired		
**Term deposit of \$91,495 in 31 December 2013 has become matured and been classified to cash during the year ended 31 December 2014.		
<b>10. OTHER FINANCIAL ASSETS</b>		
<b>Available for sale financial asset carried at fair value</b>		
<i>Listed securities – Shares</i>		
Opening balance	265,600	174,300
AFS fair value movement	(16,600)	91,300
Impairment write-off	(166,000)	-
Closing Balance	83,000	265,600

## Notes to the Financial Statements (Cont'd)

Company	
31 December	31 December
2014	2013
\$	\$

**11. PROPERTY, PLANT AND EQUIPMENT**

Plant and equipment – at cost	166,290	166,290
Accumulated depreciation	(156,461)	(131,879)
Total written down amount	9,829	34,411

**Reconciliation**

Opening written down value	34,411	72,886
Depreciation charge for the period	(24,582)	(38,475)
Closing written down value	9,829	34,411

**12. DEFERRED EXPLORATION EXPENDITURE****Exploration and evaluation costs in respect of mining areas of interest**

Opening net book amount (i)	613,053	613,053
JV acquisition cost written off (ii)	(613,053)	-
Closing net book amount	-	613,053

(i) The beginning balance of \$613,053 represents consideration paid for the right to acquire a 70% interest via Farm-in Arrangements in the Mt Watson tenements.

(ii) Impairment of acquisition cost in current period arising from the termination of exploration due to limited potential and the surrender of 70% interest in Mt Watson to Kabiri.

**13. CURRENT LIABILITIES****(a) Unearned revenue**

Unearned revenue: JV Partner advances	17,089	-
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**(b) Trade and Other payables**

Trade and other payables	39,555	30,482
Annual leave provision	33,657	25,107
Accruals	61,500	4,000
Total current liabilities	151,801	59,589

## Notes to the Financial Statements (Cont'd)

### 14. CONTRIBUTED EQUITY

	31 December 2014	31 December 2013
	\$	\$
(a) Share capital		
90,851,291 (2013: 90,851,291) ordinary shares fully paid	7,621,235	7,621,235

### (b) Movement in ordinary shares on issue

	\$	Number
At 31 December 2013	7,621,235	90,851,291
Nil movement	-	-
At 31 December 2014	7,621,235	90,851,291

### (c) Share Options

There were no share options issued during the financial year ended 31 December 2014. Details of unissued shares or interests under option as at 31 December 2014 are disclosed in Note 22 to the financial statements. (2013: Nil)

### (d) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in 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 AND ACCUMULATED LOSSES

#### Company

	31 December 2014	31 December 2013
	\$	\$
(a) Reserves		
<i>Share-based payments reserve</i>		
Balance at the beginning of the year	1,040,749	980,249
Share based payment	55,000	60,500
Balance at the end of the year	1,095,749	1,040,749
<i>Investment revaluation reserve</i>		
Balance at the beginning of the year	16,600	(74,700)
Change in investment revaluation reserve	(16,600)	91,300
Balance at the end of the year	-	16,600

### (b) Nature and purpose of reserves

#### *Share-based payments reserve*

The share-based payments reserve is used to recognise the fair value of options issued and shares granted to executives as share based payments.

#### *Investment revaluation reserve*

The investment revaluation reserve represents the cumulative gain and losses arising on the revaluation of available for sale financial assets that have been recognised in other comprehensive income.

## Notes to the Financial Statements (Cont'd)

	Company	
	31 December	6 months to
	2014	31 December
	\$	2013
	\$	\$
<b>(c) Accumulated losses</b>		
Balance at the beginning of the year	(7,125,701)	(6,644,969)
Net loss for the year	(1,365,926)	(480,732)
Balance at the end of the year	(8,491,627)	(7,125,701)

**16. LOSS PER SHARE****(a) Reconciliation of earnings used in calculating loss per share**

Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss per share

(1,365,926)	(480,732)
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	Number of shares	Number of shares
	31 December	31 December
	2014	2013
<b>(b) Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	90,851,291	90,851,291

**(c) Information on the classification of options**

As the Company has made a loss for the period ended 31 December 2014 (31 December 2013: Loss), all options on issue (refer note 22) are considered antidilutive and have not been included in the calculation of diluted loss per share. These options could potentially dilute basic loss per share in the future.

**17. DIVIDENDS**

No dividends were paid during the financial year (31 December 2013: None). No recommendation for payment of dividends has been made. (2013: None)

## Notes to the Financial Statements (Cont'd)

### 18. COMMITMENTS

#### (a) Exploration commitments

The Company has certain obligations to perform minimum exploration work and to spend minimum amounts on exploration tenements. The obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Company. Due to the nature of the Company's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or any new joint venture agreements. Expenditure may be increased when new tenements are granted or joint venture agreements amended.

The existing tenement commitments are as follows:

	Company	
	31 December 2014	31 December 2013
	\$	\$
0 to 1 year	749,500	899,178
1 to 3 years	259,405	1,517,353
3 to 5 years	-	235,989
	<u>1,008,905</u>	<u>2,652,520</u>

#### (b) Lease agreement

The Company entered into a 3 year operating lease agreement in relation to offices premises on 15 March 2011. Lease commencing 1 October 2011 and has expired as at 1 October 2014. No new lease has been entered into, the office rent is paid on a monthly basis from October 2014 onwards.

The commitments in relation to the old lease, inclusive of floor space, parking bays and variable outgoings are as follows:

0 to 1 year	-	84,611
1 to 3 years	-	-
	<u>-</u>	<u>84,611</u>

#### (c) Company secretarial services

The Company entered into an agreement with GDA Corporate for the provision of corporate advisory services on 15 October 2010. According to the engagement letter, a 90-day notice will have to be provided if either party terminates the service agreement. The services commitments in relation to the 90-day notice is as follows:

Company secretarial fees for 90 days	<u>5,250</u>	<u>10,500</u>
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### 19. FINANCIAL INSTRUMENTS

#### (a) Financial risk management objectives

The Company's principal financial instruments comprise available for sale financial assets, receivables, payables, cash and short-term deposits. The Company manages its exposure to key financial risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Company does not speculate in the trading of derivative instruments. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

## Notes to the Financial Statements (Cont'd)

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2 to the financial statements.

### (b) Categories of financial instruments

The Company holds the following financial instruments:

	Company	
	31 December 2014	31 December 2013
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	254,013	535,653
Trade and other receivables	30,316	163,755
Financial asset available for sale	83,000	265,600
	<u>367,329</u>	<u>965,008</u>
<b>Financial liabilities</b>		
Trade and other payables	134,712	59,589
Unearned revenue	17,089	-
	<u>151,801</u>	<u>59,589</u>

### (c) Interest rate risk management

The Company's exposure to risks of changes in market interest rates relates primarily to the Company's cash balances. The Company constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternatives financing positions and the mix of fixed and variable interest rates. As the Company has no interest bearing borrowing its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits.

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date.

If interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity relating to financial assets of the Company would have been affected as follows:

	Company	
	31 December 2014	6 months to 31 December 2013
	\$	\$
Judgements of reasonably possible:		
<b>Post tax profit – higher / (lower)</b>		
+0.5%	-	1,450
-0.5%	-	(1,450)

### (d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide future returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the Company's capital is performed by the Board. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The following sensitivity analysis is based on the pricing risk exposure in existence at the balance sheet date.

If share price had moved, as illustrated in the table below, with all other variables held constant, fair value of available for sale financial assets of the Company would have been affected as follows:

Judgements of reasonably possible:		
<b>Equity – higher / (lower)</b>		
+10.0%	8,300	26,560
-10.0%	(8,300)	(26,560)

## Notes to the Financial Statements (Cont'd)

### (e) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and term deposits, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. At 31 December 2014, the Company has no significant exposure to liquidity risk as there is effectively no debt.

#### *Maturities of financial liabilities*

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

The tables below have been drawn up based on the undiscounted cash flows (including both interest and principal cash flows expected) using contractual maturities of financial assets and the earliest date on which the Company can be required to pay financial liabilities. Amounts for financial assets include interest earned on those assets except where it is anticipated the cash flow will occur in a different period.

	31 December 2014				31 December 2013			
	≤6 months	6 – 12 months	1-5 Years	Total	≤6 months	6 – 12 months	1-5 Years	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Financial liabilities</i>								
Non interest bearing	151,801	-	-	151,801	59,589	-	-	59,589
<b>Total Financial Liabilities</b>	<b>151,801</b>	<b>-</b>	<b>-</b>	<b>151,801</b>	<b>59,589</b>	<b>-</b>	<b>-</b>	<b>59,589</b>

### (f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's potential concentration of credit risk consists mainly of cash deposits with banks. The Company's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the balance sheet date. The Company considers the credit standing of counterparties when making deposits to manage the credit risk.

Considering the nature of the business at present none of such liabilities are past due, the Company believes that the credit risk is not material to the Company's operations.

### (g) Fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values.

- (i) The Company's available for sale financial asset (AFS) (carried at Fair value) are measured by "Level 1" fair value measurements – meaning that they are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

## 20. KEY MANAGEMENT PERSONNEL DISCLOSURES

### (a) Details of key management personnel

#### *(i) Directors*

The following persons were directors of Ishine International Resources Limited during the financial year:

Yunde Li	Executive Chairman
Naiming (James) Li	Non-executive Director
Mark Muzzin	Non-executive Director

## Notes to the Financial Statements (Cont'd)

### (ii) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

Chuanshui Yin	Chief Executive Officer
Leonard Math	Company Secretary

### (b) Key management personnel compensation

	Company 31 December 2014 \$	6 months to 31 December 2013 \$
Short-term benefits	279,153	186,000
Post-employment benefits	10,673	8,325
Share-based payments	55,000	60,500
	<u>344,826</u>	<u>254,825</u>

### (c) Equity interests in related parties

#### Equity interests in associates

No equity interest in related parties in the current or prior financial period.

### (d) Transactions with key management personnel

#### Key management personnel compensation

Details of key management personnel compensation are provided in the Remuneration Report of the Directors' Report.

#### Loans to key management personnel

There were no loans to key management personnel during the current or prior period.

## 21. RELATED PARTY TRANSACTIONS

### (a) Key management personnel equity holdings

#### (i) Fully paid ordinary shares

	Balance at start of period No	Granted as compensation No	Balance at end of period No
<b>31 December 2014</b>			
<i>Directors</i>			
Yunde Li	10,000,000	-	10,000,000
Naiming Li	-	-	-
Mark Muzzin	-	-	-
<i>Executives</i>			
Chuanshui Yin (ii)	420,000	300,000	720,000
Leonard Math (i)	100,000	-	100,000

- (i) Shares were issued to GDA Corporate of which Leonard Math is an employee.
- (ii) Chief Executive officer appointed on 1 December 2012.

## Notes to the Financial Statements (Cont'd)

	Balance at start of period	Granted as compensation	Balance at end of period
	No	No	No
<b>31 December 2013</b>			
<i>Directors</i>			
Yunde Li	10,000,000	-	10,000,000
Naiming Li	-	-	-
Mark Muzzin	-	-	-
<i>Executives</i>			
Chuanshui Yin (ii)	120,000	300,000	420,000
Leonard Math (i)	100,000	-	100,000

- (i) Shares were issued to GDA Corporate of which Leonard Math is an employee.  
(ii) Chief Executive officer appointed on 1 December 2012.

*(ii) Options*

No options were issued to directors and key management personnel during the current or prior financial period.

**(b) Transactions with other related parties**

Naiming (James) Li is the director and beneficiary of Pacway Investments Pty Ltd which eligible to receive director's fees of \$54,000, amongst which \$33,300 was received and further \$20,700 has been accrued to be paid upon a successful fund raising for the year ended 31 December 2014 from Ishine.

Mark Muzzin is a partner of the partnership M & C Muzzin which eligible to receive director's fees of \$54,000, amongst which \$34,200 was received and further \$19,800 has been accrued to be paid upon a successful fund raising for the year ended 31 December 2014 from Ishine.

Leonard Math is an employee of GDA Corporate, payments were made to GDA Corporate. They have two service contracts with Ishine International Resources Ltd both signed on 20 December 2009. The Company Secretarial services agreement has a 3 months' notice period. Upon board review the fees for both services are \$2,450 per month each and subsequently amended to \$1,750 per month each from 1 October in the year ended 31 December 2014. The fees paid include company secretarial and accounting fees total of \$57,130 for the year ended 31 December 2014 from Ishine (6 months ended December 2013: \$42,000).

## Notes to the Financial Statements (Cont'd)

### 22. SHARE BASED PAYMENT PLANS

#### (a) Recognised share-based payment expenses

The expense recognised for employee services received during the year ended 31 December 2014 is shown in the table below:

	31 December 2014 \$	6 months to 31 December 2013 \$
Expense arising from equity-settled share based payment transactions for employees	55,000	60,500
	55,000	60,500

The fair value of share based payment is based on company share price of \$0.22/share at grant date 1 December 2012, there are no vesting conditions apart from the CEO fulfilling his service period, and no dividend yield has been included.

#### (b) Types of share-based payments

There were 600,000 shares to which the CEO Mr Chuanshui Yin was entitled in accordance with his employment contract effective 1 December 2012, based on his completion of his second full year of service as at the date of this report. He will be entitled to another 300,000 shares on the third year of his service ending 31 December 2016. The service criteria as below:

- 1) On full service of first year - 300,000 shares;
- 2) On full service of the second year - 300,000 shares;
- 3) On full service of the third year - 300,000 shares;

At balance date, none of the above approved shares were issued.

At the end of the year, the following options over unissued ordinary shares were outstanding:

Issuing entity	Number of shares under option	Grant Date	Class of shares	Exercise price of option	Expiry date of options	Grant date Fair Value
Ishine International Resources Limited	5,000,000	19 December 2009	Ordinary	20 cents	31 December 2015	\$0.1552

A summary of the movements of all company options issues is as follows:

	31 December 2014		31 December 2013	
	Number of options	Weighted Average exercise price \$	Number of options	Weighted Average exercise price \$
Balance at beginning of period	5,000,000	0.2000	5,000,000	0.2000
Granted	-		-	
Lapsed	-		-	
Exercised	-		-	
Balance at end of year	5,000,000	0.2000	5,000,000	0.2000
Exercisable at end of year	-		-	

The share options outstanding at the end of the year had a weighted average exercise price of \$0.2000 (31 December 2013: \$0.2000), and a weighted average remaining contractual life of 365 days (31 December 2013: 730 days).

## Notes to the Financial Statements (Cont'd)

	31 December 2014 \$	6 months to 31 December 2013 \$
<b>23. REMUNERATION OF AUDITORS</b>		
During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:		
<b>Audit services</b>		
Audit or review of financial reports		
- Deloitte Touche Tohmatsu	-	11,925
- PricewaterhouseCoopers*	40,824	46,320
	<u>40,824</u>	<u>58,245</u>

\* Fees charged to China Zhongzheng Resources Holdings Limited (HK Zhongzheng) were \$23,980 (6 months ended 31 December 2013: \$26,000).

## 24. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 31 December 2014 (2013: None).

## 25. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Ishine has withdrawn from and relinquished its interest in the Mt Watson Project 5 March 2015. There are no other matters or circumstance has arisen since 31 December 2014, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years

There are no other matters or circumstance has arisen since 31 December 2014, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

## Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 23 to 42 are in accordance with Corporations Act 2001, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2014 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that Ishine International Resources Limited will be able to pay its debts and when they become due and payable.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer equivalent required by s.295A of the *Corporations Act 2001*.

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

On behalf of the Directors



Mr Yunde Li  
Non-executive Director  
27 March 2015  
Shandong, China



## **Independent auditor's report to the members of Ishine International Resources Limited**

### ***Report on the financial report***

We have audited the accompanying financial report of Ishine International Resources Limited (the company), which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those 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 opinion.

### ***Independence***

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

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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## **Independent auditor's report to the members of Ishine International Resources Limited (cont'd)**

### *Auditor's opinion*

In our opinion:

- (a) the financial report of Ishine International Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 31 December 2014 and of its 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*.
- (b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

### **Report on the Remuneration Report**

We have audited the remuneration report included in pages 14 to 17 of the directors' report for the year ended 31 December 2014. 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 Ishine International Resources Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Ben Gargett'.

Ben Gargett  
Partner

Perth  
27 March 2015