



**Ishine International Resources
Limited**

ABN 64 139 522 553

Annual Report

for the 6 month period ended 31 December 2013

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

1187 Hay Street
WEST PERTH WA 6005
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

Securities Exchange Listing

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

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These financial statements are financial statements of Ishine International Resources Ltd. 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
1187 Hay Street
WEST PERTH WA 6005

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 3 to 5 and in the directors' report on pages 6 to 12, both of which are not part of these financial statements.

The financial statements were authorised for issue by the directors on 28 March 2014. 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 Shareholders' Centre on our website: www.ishineresources.com

Review of Operations

Corporate

Ishine has changed its financial year end from 30 June to 31 December effective from 1 July 2013.

The Company has 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. There will be a 6 month period from 1 July 2013 to 31 December 2013 followed by the next full 12 month reporting from 1 January 2014 to 31 December 2014.

The change in financial year will require the Company to hold an AGM by 31 May 2014 in respect of its 31 December 2013 financial report.

Exploration

During the period ended 31 December 2013, Ishine has progressed in the project development of its 100% owned tenements and the joint venture tenements with total ground area of over 8,954km².

Drilling programs for both the Narembeen Project (E70/3880) and Halls Creek Project (E80/4450) were planned for drilling on the first quarter of 2014.

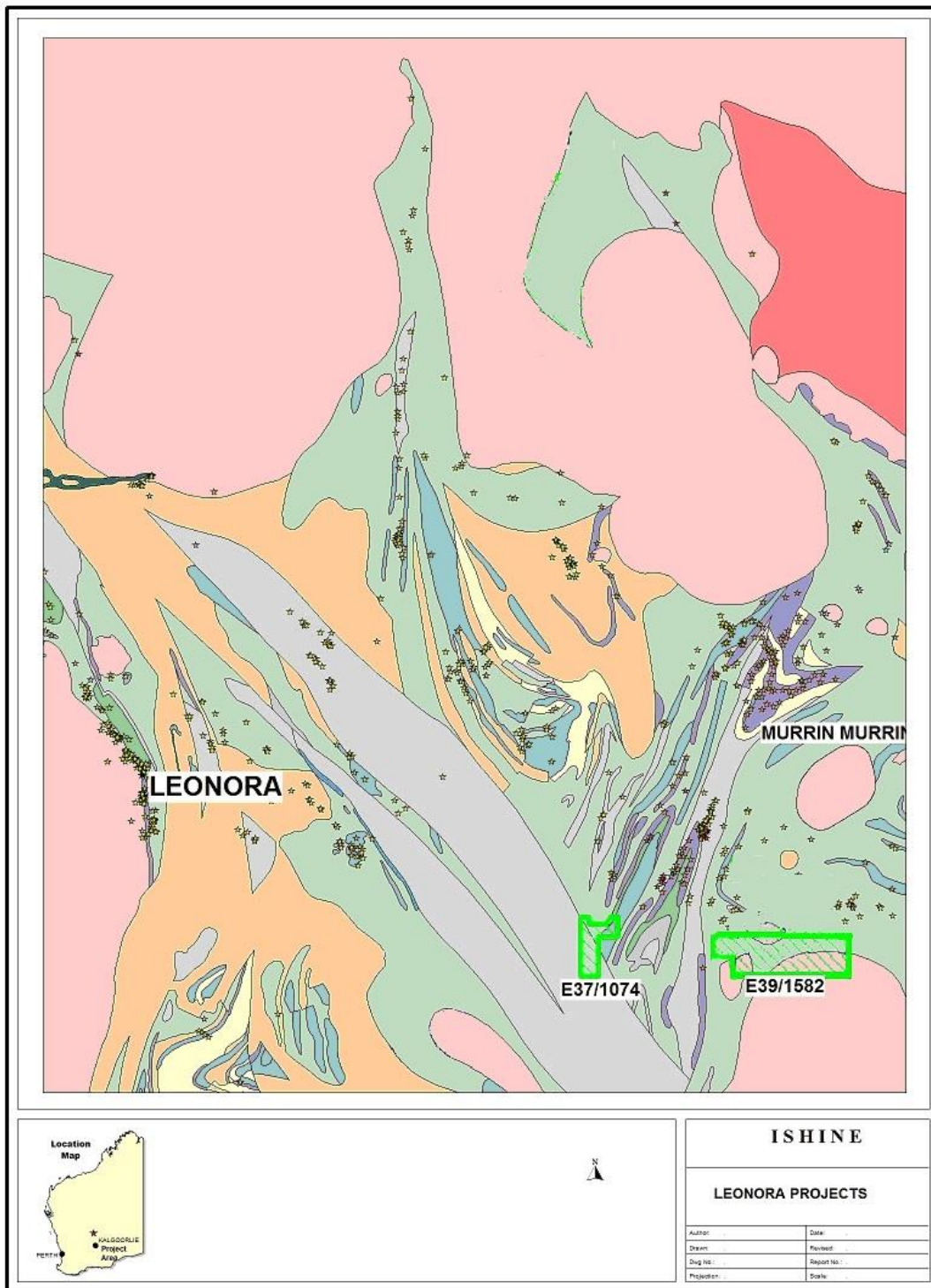
During the period, Ishine has carried out field reconnaissance for the two tenements in the Leonora project.

The two Leonora exploration tenements of 13km² and 18km² are located 80 km southwest of Laverton, and approximately 55km southeast of the town Leonora in the West Australian Mount Margaret Mineral Field. The Leonora project area is located in greenstone rocks of the Kurnalpi Terrance which forms the central part of the Eastern Goldfields superterrane of the Archaean Yilgarn Craton of Western Australia. The Kurnalpi Terrance is characterised by andesite dominant calc-alkaline volcanic complexes. Rocks in this area are the most ancient on earth and commonly form the core of the world's major continents. Such rocks host many of the earth's major gold, nickel and base-metal deposits and are dated between 2.5 and 3 billion years old.

During field investigation, geological mapping, geochemical sampling and geophysical survey have been conducted. A geophysical survey using a proton precession magnetometer with model (G-856) to collect magnetic data in the field where the area has anomalies has been carried out in the pre-investigation period.

Currently the company geologists are undertaking geophysical interpretation study. All the geochemical samples have been sent to laboratory for analysis. Once the results have been released geochemical and geophysical comprehensive analysis will be started soon.

Figure1 Leonora Project Locations



Ishine also conducted heritage surveys on Laverton project tenement E37/1073 and Merredin project tenement E77/1786. Upon receiving the heritage survey report, drilling programs in the corresponding areas will be planned by Ishine and its JV Partners.

Due to market conditions, the Company has limited its exploration activities on other projects to conserve cash.

The Board is reviewing the potential of each project and other potential project acquisition opportunities to enhance shareholder value in Ishine.

Table 5 Ishine's 100% Owned Exploration Tenements (Granted)

State	Licence Number	Date Applied	Size, km ²	Locality	Status	Target Minerals
WA 2,031km ²	E 80/4478	21-Sep-10	126	HALLS CREEK	Granted	Ni, Cu, Co
	E 70/3880	15-Apr-10	203	NAREMBEEN SHIRE	Granted	Au
	E 80/4450	14-Jun-10	129	HALLS CREEK	Granted	Ni, Cu, Co
	E 80/4448	18-May-10	501	HALLS CREEK SHIRE	Granted	Fe
	E 08/2222	12-Oct-10	332	GASCOYNE	Granted	Mn, U
	E 77/1786	19-Apr-10	204	MERREDIN, NAREMBEEN AND YILGARN	Granted	Fe
	E 37/1073	24-Jun-10	99	LAVERTON	Granted	Ni, Au
	E 39/1582	24-Jun-10	18	LAVERTON	Granted	Ni, Au
	E 37/1074	24-Jun-10	10	LAVERTON	Granted	Ni, Au
	E 45/3791	6-Oct-10	44	PILBARA	Granted	Fe
	E80/4639	15-Aug-11	130	HALLS CREEK SHIRE	Granted	Fe
	E08/2239	17-Jan-11	103	PINGANDY, ASHBURTON	Granted	Mn
	E80/4619	6-May-11	52	MOOLA BULLA, KIMBERLEY	Granted	Ni, Cu, Au
SA 6,804km ²	EL4829	1-Jul-10	736	OOLDEA RANGE, SA	Granted	Cu, Ni, Lead, Zinc
	EL4830	28-Jul-10	309	MULGA WELLS, SA	Granted	Au, Co, U
	EL4831	4-Aug-10	992	MULGARIA, NORTH OF OLYMPIC DAM	Granted	U
	EL4832	18-Aug-10	219	WILLOURAN RANGES, SA	Granted	U
	EL4833	25-Aug-10	969	WILLOURAN RANGES, SA	Granted	U
	EL4834	25-Aug-10	690	WILLOURAN RANGES, SA	Granted	U
QLD 119km ²	EPM19142	16-Mar-11	119	MT JORDYN - BOOMARRA	Granted	Cu, Mo
SUMMARY	20 Tenements		5,985 km²	WA, SA and QLD		Fe, Cu, Ni, Au, Pb, Zn, Co, Mn, U, Mo, Mineral Sand

Directors' Report

The directors of Ishine International Resources Limited submit herewith the annual report of the Company for the 6 month period ended 31 December 2013. 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
Mr Yunde Li 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 generate 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>
Mr Naiming (James) Li 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>
Mr Mark Muzzin 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 & gas and minerals companies. Mr Muzzin has served as General Manager of a number of public companies.</p> <p>Mr Muzzin is the Managing Director/CEO 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
<p>Mr Chuanshui (Frank) Yin Chief Executive Officer (Appointed 1 December 2012)</p>	<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 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
<p>Mr Leonard Math BBus, CA</p>	<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 5 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

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future 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 300,000 shares unissued but granted to CEO Mr Chuanshui Yin in accordance with his employment agreement upon fulfilment of his first 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 \$4,810.85 (June 2013: \$7,497.17), limit of indemnity is \$5,000,000 (June 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 period ended 31 December 2013 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	3	3
Mr Naiming (James) Li	3	3
Mr Mark Muzzin	3	3

NON-AUDIT SERVICES

No non-audit services has been provided for details of amounts paid or payable to the auditor for audit services provided during the period by the auditor are outlined in note 24 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 21 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 2013. 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 9.25% 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 is fixed by the Board and may be paid by way of fixed salary or the issue of equity.

Remuneration consists of cash settled remuneration and share based payment.

Cash settled remuneration

The level of fixed 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. Fixed 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 fixed remuneration 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 six month period ended 31 December 2013:

Six 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		
	\$	\$	\$	\$	\$	\$
Directors						
Yunde Li	-	-	-	-	-	-
Naiming (James) Li (i)	27,000	-	-	-	27,000	-
Mark Muzzin (ii)	27,000	-	-	-	27,000	-
Executives						
Leonard Math (iii)	21,000	21,000	-	-	42,000	-
Chuanshui Yin	90,000	-	8,325	60,500	158,825	-
TOTAL	165,000	21,000	8,325	60,500	254,825	-

(i) Naiming (James) Li is the director and beneficiary of Pacway Investments Pty Ltd which received director's fees of \$27,000 for the 6 months ended 31 December 2013 from Ishine.

(ii) Mark Muzzin is a partner of the partnership M & C Muzzin which received director's fees of \$27,000 for the 6 months ended 31 December 2013 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 \$3,500 per month and company secretarial fees of \$3,500 per month provided to the company. Details are set out in Key Terms of Employment Contracts.

Ishine International Resources Limited – Annual Report

Year ended 30 June 2013 - Restated

Name	Short-term employee benefits		Post-employment benefits		Total	% consisting of options
	Cash salary and fees	Other services	Superannuation	Share-based payment shares		
	\$	\$	\$	\$		
Directors						
Yunde Li	-	-	-	-	-	-
Naiming (James) Li	53,000	-	-	-	53,000	-
Mark Muzzin	53,000	-	-	-	53,000	-
Executives						
Leonard Math (i)	41,000	43,660	-	-	84,660	-
Chuanshui Yin (ii)	105,000	-	9,450	*70,583	185,033	-
TOTAL	252,000	43,660	9,450	70,583	375,693	-

(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

*The Company has restated the remuneration table for the year ended 30 June 2013. The remuneration table that was included in the 30 June 2013 financial statements contained an error relating to the recognition of employee benefit expense for share-based payments issued to Mr. Chuanshui Yin, the CEO of the Company. 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. The Company omitted recording the share based payment for the period of his service in the year ended 30 June 2013 for an amount of \$70,583. This error has been retrospectively adjusted to the remuneration table for year ended 30 June 2013.

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

There were 300,000 shares approved in the board meeting on 30 November 2013 to be issued to CEO Mr Chuanshui Yin in accordance with his employment contract effective 1 December 2012, based on his completion of his first full year of service, but haven't been issued as at 31 December 2013.

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 2013. (The company was incorporated on 18 September 2009.)

	6 months ended 31 December 2013	Restated Year ended 30 June 2013	Year ended 30 June 2012	Year ended 30 June 2011	Year ended 30 June 2010
	\$	\$	\$	\$	\$
Revenue	5,508	12,551	-	18,333	18,658
Net loss before tax	(480,732)	(2,416,687)	(653,176)	(2,451,978)	(1,123,128)
Net loss after tax	(480,732)	(2,416,687)	(653,176)	(2,451,978)	(1,123,128)

	31 December 2013	Restated 30 June 2013	30 June 2012	30 June 2011	30 June 2010
	\$	\$	\$	\$	\$
Share price at beginning of period/year	\$0.22	\$0.20	\$0.14	\$0.27	\$0.20
Share price at end of period/year	\$0.22	\$0.22	\$0.20	\$0.14	\$0.27
Dividends	-	-	-	-	-
Basic and diluted earnings per share (cents per share)	(0.53)	(2.71)	(0.75)	(2.82)	(1.30)

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. His minimum remuneration package is \$180,000 per annum base salary paid in cash plus statutory superannuation of 9.25% and 300,000 shares. The Company agree to issue Mr Chuanshui 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 first 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 board review the fees for both services are \$3,500 per month each in the 6 month period ended 31 December 2013.

Signed in accordance with a resolution of the directors.



Mr Yunde Li
Executive Chairman
28 March 2014
Shandong, China

Corporate Governance Statement

The Company is committed to implementing the highest standards of corporate governance.

This Statement reports on the Company's key governance principles and practices. These principles and practices are reviewed regularly and revised as appropriate by the Company to ensure they comply with changes in the law and reflect developments in Corporate Governance.

The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). In August 2007 the ASXCGC issued a second edition of its Corporate Governance Principles and Recommendations which were amended in 2010 ("ASX Recommendations").

The Company is pleased to advise that the Company's practices are largely consistent with the revised ASX Recommendations. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASXCGC in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the ASXCGC, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

To illustrate where the Company has addressed each of the ASXCGC Recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website at <http://www.asx.com.au/supervision/governance/index.htm>.

Corporate Governance Statement (Cont'd)

Recommendation	Section of this Report
Recommendation 1.1 Functions of the Board and Management	1.1, 1.3, 1.4 and 1.5
Recommendation 1.2 Evaluating the Performance of Senior Executives	1.6.11
Recommendation 1.3 Reporting on Principle 1	1.1 and 1.6.11
Recommendation 2.1 Independent Directors	1.2,
Recommendation 2.2 Independent Chairman	1.3
Recommendation 2.3 Role of the Chairman and CEO	1.3 and 1.4
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Evaluation of Board, Directors and Committees	1.6.11
Recommendation 2.6 Reporting on Principle 2	1.2, 1.3 1.4, 1.6.11 and 2.3.1
Recommendation 3.1 Code of Conduct	1.6.1
Recommendation 3.2 Company Diversity Policy	1.6.13
Recommendation 3.3 Gender Diversity Objectives	1.6.13
Recommendation 3.4 Gender Breakdown of Company Structure	1.6.13
Recommendation 3.5 Reporting on Principle 3	1.6.13
Recommendation 4.1 Establishment of Audit Committee	2.1
Recommendation 4.2 Structure of Audit Committee	2.1
Recommendation 4.3 Audit Committee Charter	2.1
Recommendation 4.4 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.6.5
Recommendation 5.2 Reporting on Principle 5	1.6.5
Recommendation 6.1 Communications Strategy	1.6.9
Recommendation 6.2 Reporting on Principle 6	1.6.9
Recommendation 7.1 Policies on Risk Oversight and Management	1.6.14 and 2.1.3
Recommendation 7.2 Risk Management and Internal Control System	1.6.14 and 2.1.3
Recommendation 7.3 Attestations by CEO and CFO	1.6.12
Recommendation 7.4 Reporting on Principle 7	1.6.12, 1.6.14 and 2.1.3
Recommendation 8.1 Establishment of Remuneration Committee	2.2.1
Recommendation 8.2 Remuneration Committee Structure	2.2.1
Recommendation 8.3 Executive and Non-Executive Director Remuneration	2.2.3 and 2.2.4
Recommendation 8.4 Reporting on Principle 8	2.2.1 to 2.2.5

Corporate Governance Statement (Cont'd)

1. Board of Directors of the Company

1.1. Role of the Board

The Board's role is to govern the Company rather than to manage it. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry out its functions, it has developed and approved a Board Charter which details the Board's role, powers, duties and functions to guide the Directors and its senior executives in the performance of their roles.

Other than as reserved to the Board in the Charter, responsibility for the management of the Company's business activities is delegated to the Company's executive Directors (and other key executives) who are accountable to the Board. The Charter and the delegation of Board authority are reviewed regularly.

1.2. Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

As at the date of this report, the Board is comprised of three (3) Directors, two (2) non-executive Directors and one (1) executive Chairman.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. The following criteria has been adopted by the Company as a non-prescriptive guide for independence:

An Independent Director is a Non-Executive Director and:

- (a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (b) within the last three years has not been employed in an executive capacity by the Company or another Group member, or been a Director after ceasing to hold any such employment;
- (c) within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another Group member. Or an employee materially associated with the service provided;
- (d) is not a material supplier or customer of the Company or another Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- (e) has no material contractual relationship with the Company or other Group member other than as a Director of the Company;
- (f) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- (g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

1.3. The Chairman

The Chairman is responsible for leadership and effective performance of the Board. Mr Yunde Li is Executive Chairman of the Company. The Chairman's responsibilities are set out in more detail in the Board Charter which is available in the corporate governance section of the Company's website.

The Chairman is not independent, the board consists of three (3) Directors, two (2) of which are independent non-executive director, the independent majority can assist the board to deal with actual or perceived conflict of interest.

1.4. The CEO

The CEO is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. Mr Chuanshui Yin is CEO of the company. In carrying out his responsibilities the CEO must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

1.5. Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. On appointment to the Board, all new Directors are required to sign a formal letter of appointment setting out the key terms and conditions relevant to their position.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

Corporate Governance Statement (Cont'd)

- (a) Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- (b) Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- (c) Overseeing Planning Activities: the development of the Company's strategic plan.
- (d) Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- (e) Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- (f) Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- (g) Human Resources: appointing, and, where appropriate, removing the Chief Executive Officer or Managing Director (CEO / MD) and Chief Financial Officer (CFO) as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
- (h) Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- (i) Delegation of Authority: delegating appropriate powers to the Company's executives to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available in the corporate governance section of the Company's website.

1.6. Code of Conduct and Other Board Policies

1.6.1. Code of Conduct

The Board has adopted a Code of Conduct which details the Company's commitment to ethical and responsible decision making and corporate practices.

The Code of Conduct sets out the Company's principles, practices and standards of personal and corporate behaviour. The Company expects everyone who works for or with the Company to adopt in their daily business activities. The code covers matters such as compliance with laws regulations, responsibility to shareholders and the community, confidentiality, privacy, conflicts of interest and the protection and proper use of the Company's assets.

1.6.2. Conflicts of Interest

Directors must:

- (a) disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- (b) if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the *Corporations Act 2001*, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.6.3. Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.6.4. Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.6.5. Continuous Disclosure

The Company is committed to continuous disclosure of material information as a means of promoting transparency and investor confidence. The company's practices are designed to ensure it is compliant with the ASX listing rule, including in particular those relating to continuous disclosure.

1.6.6. Education and Induction

It is the policy of the Company that all new Directors and senior executives undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors and senior executives include:

- (a) details of the respective rights, duties, roles and responsibilities of a Director and senior executives of the Company;
- (b) formal policies on Director appointment as well as conduct and contribution expectations;
- (c) formal policies on director interaction with each other, senior executives and other stakeholders;
- (d) access to a copy of the Board Charter and all corporate governance documents;
- (e) guidelines on how the Board processes function;

Corporate Governance Statement (Cont'd)

- (f) details of past, recent and likely future developments relating to the Board;
- (g) background information on and contact information for key people in the organisation;
- (h) an analysis of the Company (including the Company's financial position, operations and risk management policies);
- (i) a synopsis of the current strategic direction of the Company;
- (j) a copy of the Constitution of the Company;
- (k) meeting arrangements; and
- (l) details on the culture and values of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. These are paid for by the Company where appropriate. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.6.7. *Independent Professional Advice*

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.6.8. *Related Party Transactions*

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the *Corporations Act* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.6.9. *Shareholder Communication*

The Board recognizes that Shareholders, as the ultimate owners of the Company, are entitled to receive timely and relevant, high quality information about their investment. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of shares in the Company.

The Company respects the rights of its Shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- (a) communicating effectively with Shareholders through releases to the market via ASX, information mailed to shareholders, information posted on the Company's website or sent directly to Shareholders and Stakeholders via Email alerts, and the general meetings of the Company;
- (b) giving Shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- (c) making it easy for Shareholders to participate in general meetings of the Company; and
- (d) requesting the external auditor to attend the annual general meeting and be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.

The Board is committed to monitoring ongoing developments that may enhance communications with Shareholders, including technological developments, regulatory changes and the continuing development of "best practice" in the market, and to implementing changes to the Company's communication strategies whenever reasonable practicable to reflect any such development.

1.6.10. *Trading in Company Shares*

The Company's share trading policy applies to all Directors and employees of the Company and their associates (including spouses, children, family trusts and family companies), contractors, consultants, advisers and auditors of the Company.

This policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for, or are associated with the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

The policy stipulates that the only appropriate time for a Director or employee to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market. As a general rule, any Director, employee, or contractor is not permitted to deal in Company securities in the one (1) week period prior to the:

- a) date of the Company's Annual General Meeting;
- b) release of the quarterly results announcement to the Australian Securities Exchange (ASX);
- c) release of the half yearly results announcement to the ASX;
- d) release of the preliminary final results announcement to the ASX; or
- e) release of a disclosure document offering securities in the Company.

The Company may at its discretion vary this rule in relation to a particular period by general announcement to all employees either before or during the period. The Company may also impose any other restriction periods that the Board declares from time to time when it is considering matters which are subject to the exceptions to the continuous disclosure requirements set out in Listing Rule 3.1A.

Corporate Governance Statement (Cont'd)

Any dealing in Company securities by Directors is notified to the ASX within five business days of the dealing.

The Company does not condone short term or speculative trading in its securities by directors or employees, nor does it permit directors or employees to enter into any price protection arrangements with third parties to pledge such securities.

This policy is separate from and additional to the legal constraints imposed by common law, the Corporations Act, and the ASX Listing Rules.

A copy of the Company's share trading policy is available in the corporate governance section of the Company's website.

1.6.11. Performance Review/Evaluation

It is the policy of the Board to conduct an annual evaluation of its performance and that of its senior executives. The objective of this evaluation will be to provide best practice corporate governance to the Company.

1.6.12. Attestations by MD/CEO and CFO

The Board receives regular reports on the Company's financial position and business operations from the Company's senior executives.

It is the Board's policy, that the MD/CEO and the CFO (or their equivalents) make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report.

The Board also requires the MD/CEO and CFO to attest to the implementation and compliance to the Company's internal control and risk management policies and to ensure that these policies are being managed effectively.

1.6.13. Diversity

The Board has adopted a Diversity Policy to encourage employee and board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

This Diversity Policy does not form part of an employee's contract of employment with the Company, nor gives rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, this Diversity Policy forms a direction of the Company with which an employee is expected to comply.

The Company's measureable objectives for achieving gender diversity are:

- (a) recruiting from a diverse pool of candidates for all positions, including senior management and the Board;
- (b) identifying specific factors to take account of in recruitment and selection processes to encourage gender diversity;
- (c) developing programs to develop a broader pool of skilled and experienced senior management and board candidates, including, workplace development programs, mentoring programs and targeted training and development; and
- (d) developing a culture which takes account of domestic responsibilities of employees.

The Board is responsible for establishing and monitoring on an annual basis the achievement against gender diversity objectives and strategies, including the representation of women at all levels of the organisation.

The proportion of women within the whole organisation as at the date of this report is as follows:

Description	%
Women employees in the whole organisation	33.33%
Women in senior executives position	0%
Women on Board of Directors	0%

The Board acknowledges the absence of female participation on the Board of Directors. However, as noted above, the Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

The Company is at variance with Recommendation 3.3 in that it has not set or disclosed measurable objectives for achieving gender diversity in accordance with its Diversity Policy. Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

Corporate Governance Statement (Cont'd)

1.6.14. Risk Management

The Company sets out the manner in which the Company identifies, assesses, monitors and manages business risk. All high level strategies and new initiative risks are reviewed annually by the Board at its annual strategy and planning meeting.

In relation to risk management, monitoring the status of each risk and any necessary action plans relating to their treatment takes place on a regular basis by controlled self-assessment as well as by management's regular review of risk action plans, with respect to the effectiveness and suitability of each risk action plan.

The overall results of these assessments are presented to the Board at least annually and updated as necessary.

Any action or recommendations by senior management arising out of these review processes are approved by the Board and implemented by management.

2. Board Committees

2.1. Audit Committee

Due to the size and scale of its operations (the Board only consists of three (3) members) the Company does not have a separate audit committee. It is the Board's view that an Audit Committee would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and it cannot be justified based on a cost benefit analysis. The Audit Committee is chaired by an independent director (who is not the Chairman) and is responsible for assisting the Board in fulfilling its financial reporting, risk management and compliance responsibilities, compliance with legal and regulatory requirements, internal control structure and the internal and external audit functions. The Audit Committee meets at least twice per year and at such other times as the Audit Committee deems necessary.

The functions and responsibilities of the Audit Committee are set out in the Audit Committee Charter and include:

- (a) overseeing the Company's system of financial reporting and safeguarding its integrity;
- (b) overseeing risk management and compliance systems and the internal control framework;
- (c) monitoring the activities and effectiveness of the internal audit function and the activities and performance of the external auditor and coordinating both operations; and
- (d) providing reports to the Board on all matters relevant to the Committee's responsibilities.

A copy of the Company's Audit Committee Charter is available on the Company's website in the corporate governance section.

2.1.1. Role

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

2.1.2. Responsibilities

The Audit Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit Committee each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit Committee is also responsible for establishing policies on risk oversight and management.

2.1.3. Risk Management

The Board recognizes that risk management and internal compliance and control are key elements of good corporate governance.

The Audit Committee is responsible for reviewing, approving and monitoring the Company's risk management strategy, policy and key risk parameters. It is also responsible for ensuring that management has developed and implemented a sound system of risk management and internal control.

The Company sets out the manner in which the Company identifies, assesses, monitors and manages business risk. All high level strategies and new initiative risks are reviewed annually by the Board at its annual strategy and planning meeting.

2.2. Remuneration Committee

2.2.1. Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies and practices which:

- (a) enable the Company to attract, retain and reward talented Directors and employees; and
- (b) reward Directors and employees fairly and responsibly.

Corporate Governance Statement (Cont'd)

Due to the size and scale of the operation (the board only consists of there (3) members) the company does not have a separate remuneration committee. Hence, the remuneration committee is conducted by the whole board.

2.2.2. Responsibilities

The responsibilities of a Remuneration Committee, or the full Board include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the CEO/ Managing Director, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the CEO/ Managing Director's performance, including, setting with the goals and reviewing progress in achieving those goals.

2.2.3. Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- (a) fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- (a) a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- (b) participation in any share/option scheme with thresholds approved by shareholders; and
- (c) statutory superannuation.

By remunerating senior executives through performance in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

The value of shares and options were they to be granted to senior executives, shares would be calculated using fair value at grant date, options would be calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

2.2.4. Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses, but are able to participate in equity schemes of the Company.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

2.2.5. Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

2.3. Nomination Committee

2.3.1. Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

Due to the size and scale of the operation (the board only consists of there (3) members) the company does not have a separate remuneration committee. Hence, the remuneration committee is conducted by the whole board.

2.3.2. Responsibilities

The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee would also oversee management succession plans including the CEO/ MD and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

2.3.3. Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least two Directors with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.



Auditor's Independence Declaration

As lead auditor for the audit of Ishine International Resources Limited for the six months period ended 31 December 2013, 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 that reads 'Ben Gargett' in a cursive style.

Ben Gargett
Partner
PricewaterhouseCoopers

Perth
28 March 2014

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Statement of Income and Other Comprehensive Income

PERIOD ENDED 31 DECEMBER 2013	Notes	Company	
		6 months to 31 December 2013 \$	Restated 12 months to 30 June 2013 \$
Revenue	6	5,508	12,551
Other income	7(a)	57,048	16,200
Depreciation expense	12	(38,475)	(18,104)
Consultancy fees		-	(36,667)
Tenement and exploration expenses		(21,416)	(200,820)
Accounting and audit fees		(53,245)	(76,260)
Occupancy expenses		(60,182)	(167,656)
Legal expenses		-	(1,869)
Impairment of exploration and evaluation expenditure		-	(613,053)
Impairment of financial assets		-	(581,000)
Administrative expenses		(44,692)	(178,813)
Employee benefit expenses		(289,229)	(513,449)
Other expenses	7(b)	(36,049)	(57,747)
LOSS BEFORE INCOME TAX		(480,732)	(2,416,687)
Income tax expense	9	-	-
LOSS FOR THE PERIOD/YEAR		(480,732)	(2,416,687)
LOSS FOR THE PERIOD/YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF ISHINE INTERNATIONAL RESOURCES LIMITED	16(c)	(480,732)	(2,416,687)
OTHER COMPREHENSIVE INCOME NET OF TAX			
Items that may be reclassified to profit or loss			
Changes in fair value of available for sale financial assets	16(a)	91,300	-
Recycle to profit and loss statement due to recognition of impairment of available for sale financial assets	16(a)	-	232,400
Other Comprehensive loss for the period/year		91,300	232,400
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR		(389,432)	(2,184,287)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF ISHINE INTERNATIONAL RESOURCES LIMITED		(389,432)	(2,184,287)
Basic and diluted loss per share (cents per share)	17	(0.53)	(2.71)

Notes to the Financial Statements are included on pages 26 to 46

Statement of Financial Position

AT 31 DECEMBER 2013

		Company	
	Notes	31 December 2013 \$	Restated 30 June 2013 \$
CURRENT ASSETS			
Cash and cash equivalents	8	535,653	986,324
Trade and other receivables	10	163,755	112,764
TOTAL CURRENT ASSETS		<u>699,408</u>	<u>1,099,088</u>
NON-CURRENT ASSETS			
Other financial assets	11	265,600	174,300
Property, plant and equipment	12	34,411	72,886
Deferred exploration and evaluation expenditure	13	613,053	613,053
TOTAL NON-CURRENT ASSETS		<u>913,064</u>	<u>860,239</u>
TOTAL ASSETS		<u>1,612,472</u>	<u>1,959,327</u>
CURRENT LIABILITIES			
Trade and other payables	14	59,589	77,512
TOTAL CURRENT LIABILITIES		<u>59,589</u>	<u>77,512</u>
TOTAL LIABILITIES		<u>59,589</u>	<u>77,512</u>
NET ASSETS		<u>1,552,883</u>	<u>1,881,815</u>
EQUITY			
Contributed equity	15	7,621,235	7,621,235
Reserves	16(a)	1,057,349	905,549
Accumulated losses	16(c)	(7,125,701)	(6,644,969)
TOTAL EQUITY		<u>1,552,883</u>	<u>1,881,815</u>

Notes to the Financial Statements are included on pages 26 to 46

Statement of Changes in Equity

SIX MONTHS PERIOD ENDED 31 DECEMBER 2013	Contributed Equity \$	Accumulated Losses \$	Share Based Payments Reserve \$	Investment Revaluation Reserve \$	Total \$
Opening Balance	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
Cumulative loss reclassified to profit or loss on impairment of available for sale assets	-	-	-	-	-
Total comprehensive income/(loss) for the year		(480,732)	-	91,300	(389,432)
Transactions with owners in their capacity as owners					
Share issued during the year	-	-	-	-	-
Share based payments*	-	-	60,500	-	60,500
AT 31 DECEMBER 2013	7,621,235	(7,125,701)	1,040,749	16,600	1,552,883

RESTATED YEAR ENDED 30 JUNE 2013	Contributed Equity \$	Accumulated Losses \$	Share Based Payments Reserve \$	Investment Revaluation Reserve \$	Total \$
Opening Balance	6,839,952	(4,228,282)	872,998	(307,100)	3,177,568
Loss for the year	-	(2,416,687)	-	-	(2,416,687)
Net loss arising on revaluation of available for sale financial assets	-	-	-	581,000	581,000
Cumulative loss reclassified to profit or loss on impairment of available for sale assets	-	-	-	(348,600)	(348,600)
Total comprehensive income/(loss) for the year		(2,416,687)	-	232,400	(2,184,287)
Transactions with owners in their capacity as owners					
Share issued during the year	781,283	-	-	-	781,283
Share based payments	-	-	107,251	-	107,251
AT 30 JUNE 2013	7,621,235	(6,644,969)	980,249	(74,700)	1,881,815

Notes to the Financial Statements are included on pages 26 to 46

Statement of Cash Flows

PERIOD ENDED 31 DECEMBER 2013

Notes

Company

Restated

6 months ended 31 December 2013 \$	12 months ended 30 June 2013 \$
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CASH FLOWS FROM OPERATING ACTIVITIES

Refund from JV Partners		57,048	98
Payments to suppliers and employees (inclusive of GST)		(434,180)	(853,059)
Interest received		1,886	7,769
Payments for exploration activities		(75,425)	(222,019)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	8	(450,671)	(1,067,211)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment		-	(135)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		-	(135)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issues of ordinary shares and options		-	781,284
NET CASH INFLOW FROM FINANCING ACTIVITIES		-	781,284

NET DECREASE IN CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the beginning of the year		986,324	1,277,974
Effect of exchange rate changes on the balance of cash held in foreign currencies		-	(5,588)

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

	8	535,653	986,324
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Notes to the Financial Statements are included on pages 26 to 46

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 6 month period ended 31 December 2013.

The Company has 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. There will be a 6 months period from 1 July 2013 to 31 December 2013 followed by the next full 12 months reporting from 1 January 2014 to 31 December 2014. The comparative figure in this report is for the 12 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 financial assets and share based payment for which the fair value basis of accounting has been applied.

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

Going Concern

For the period ended 31 December 2013, the Company incurred a loss after tax of \$480,732 (twelve months ended 30 June 2013: \$2,416,687 loss) and net cash outflows from operating activities of \$450,671 (twelve months ended 30 June 2013: \$1,067,211). The Company has forecast that it may require additional funding to meet its future obligations. China Zhongsheng Resources Holdings Limited, the major shareholder of the Company, has undertaken 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. The undertaking is provided for a minimum period of twelve months from the date of approval of these financial statements. These financial statements have therefore been prepared on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

In the application of AIFRS 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

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

Amendments to AASB 101 'Presentation of Financial Statements'

The amendment (part of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income') introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be analysed into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures (effective for annual reporting periods beginning on or after 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. The company will consider the impact in the next financial period.

AASB 2012-3 Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)

In June 2012, the AASB approved amendments to the application guidance in AASB 132 Financial Instruments: Presentation, to clarify some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position. These amendments are effective from 1 January 2014. They are unlikely to affect the company as it does not currently have any offsetting arrangements.

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)

The AASB has made small changes to some of the disclosures that are required under AASB 136 Impairment of Assets. These may result in additional disclosures if the company recognises an impairment loss or the reversal of an impairment loss during the period. They will not affect any of the amounts recognised in the financial statements. These amendments are effective from 1 January 2014. The company will consider the impact in the next financial period.

Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycle (effective 1 July 2014)

In December 2013, the IASB approved a number of amendments to International Financial Reporting Standards as a result of the annual improvements project. While the AASB has not yet made equivalent amendments to the Australian Accounting Standards, they are expected to be issued in the first quarter of 2014. The company does not expect that any adjustments will be necessary as the result of applying the revised rules.

The potential effect of the revised standards/Interpretations on the company's financial statements has not yet being determined.

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.

(c) Income tax

The charge of 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 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

Notes to the Financial Statements (Cont'd)

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 deposit with more than 3 month maturity date has 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. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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 revaluation reserve are recognised in equity in the "available for sale 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 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.

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10 – 67%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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 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.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted for on prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the group 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. The expected life used in the model at the end of each reporting period, the company revises its estimate of 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) Interests in Joint Ventures – Jointly controlled assets

The Company's share of the assets, liabilities, revenue and expenses of joint venture activities are included in the appropriate items of the financial statements under the appropriate headings. Details of the joint venture are set out in note 13.

(r) 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 income 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.

(s) 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.

(t) 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 2013 is \$613,053 (30 June 2013: \$613,053) as set out in note 13.

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 more likely than not 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. Refer to Note 3 for details of the judgement applied in the current period in relation to income taxes.

Notes to the Financial Statements (Cont'd)

4. CORRECTION OF A PRIOR PERIOD ERROR

The Company has corrected an error relating to the recognition of employee benefit expense for share-based payments issued to Mr. Chuanshui Yin, the CEO of the Company. According to the employment contract with Mr. Yin, effective 30 November 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. The Company omitted recognising an employee benefit expense and associated increase in the share based payments reserve relating to the share-based payment for the period of his service in the year ended 30 June 2013 for an amount of \$70,583. This error has been retrospectively adjusted to the year ended 30 June 2013 as set out below;

Statement of comprehensive income

30 June 2013	30-Jun-13	Correction of error ¹	Reclassification of Interest, forex & Debt ²	30-Jun-13 Restated
	\$	\$	\$	\$
Revenue	-	-	12,551	12,551
Other income	23,065	-	(6,865)	16,200
Employee benefits expense	(442,866)	(70,583)	-	(513,449)
Occupancy expense	(167,656)	-	-	(167,656)
Accounting and audit fees	(76,260)	-	-	(76,260)
Administrative expenses	(178,813)	-	-	(178,813)
Depreciation expense	(18,104)	-	-	(18,104)
Tenement and exploration expenses	(200,820)	-	-	(200,820)
Other expenses	(52,061)	-	(5,686)	(57,747)
Consultancy fees	(36,667)	-	-	(36,667)
Legal expenses	(1,869)	-	-	(1,869)
Impairment of exploration and evaluation expenditure	(613,053)	-	-	(613,053)
Impairment of financial assets	(581,000)	-	-	(581,000)
Loss for the year	(2,346,104)	(70,583)	-	(2,416,687)
Loss for the year attributable to equity holders of Ishine International Resources Ltd	(2,346,104)	(70,583)	-	(2,416,687)
Recycle to profit and loss statement due to recognition of impairment of AFS financial assets	232,400	-	-	232,400
Other comprehensive income for the year	232,400	-	-	232,400
Total comprehensive loss for the year	(2,113,704)	(70,583)	-	(2,184,287)
Total comprehensive loss for the year attributable to equity holders of Ishine International Resources Ltd	(2,113,704)	(70,583)	-	(2,184,287)
Basic and diluted loss per share (cents per share)	(2.63)	(0.08)	-	(2.71)

Statement of financial position

30 June 2013	30-Jun-13	Correction of error ¹	Reclassification of term deposit ³	30-Jun-13 Restated
	\$	\$	\$	\$
Cash and cash equivalent	1,075,320	-	(88,996)	986,324
Trade and other receivables	23,768	-	88,996	112,764
Total current assets	1,099,088	-	-	1,099,088
Property, plant and equipment	72,886	-	-	72,886
Other financial assets	174,300	-	-	174,300
Deferred exploration and evaluation expenditure	613,053	-	-	613,053
Total non-current assets	860,239	-	-	860,239
Trade and other payables	77,512	-	-	77,512
Total current liabilities	77,512	-	-	77,512
Net assets/liabilities	1,881,815	-	-	1,881,815
Contributed equity	7,621,235	-	-	7,621,235
Reserves	834,966	70,583	-	905,549
Accumulated losses	(6,574,386)	(70,583)	-	(6,644,969)
Total Equity	1,881,815	-	-	1,881,815

¹ Comprises correction of the error relating to the recognition of employee benefit expense for share-based payments issued to Mr. Chuanshui Yin, the CEO of the Company. The restated balance recognised the employee benefit expense and associated increase in the share based payments reserve relating to the share-based payment for the period of his service in the year ended 30 June 2013 for an amount of \$70,583.

² Comprises reclassification of a \$12,551 bank interest, forex loss of \$5,588 and debt of \$98 from other income to revenue for the year ended 30 June 2013.

³ Comprises reclassification of an \$88,996 term deposit with a maturity of six months from cash and cash equivalent to other receivables as at 30 June 2013.

The effect on loss per share related to the restatement in the year ended 30 June 2013 was an increase in basic and diluted loss per share by 0.08 cents to 2.71 cents per share.

Notes to the Financial Statements (Cont'd)

5. 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 2013 \$	30 June 2013 \$
6. REVENUE		
Interest Income	5,508	12,551
	<u>5,508</u>	<u>12,551</u>
7. OTHER INCOME AND EXPENSES		
(a) Other income:		
Debt forgiven	-	16,102
Refunds from Joint Venture Partners (i)	57,048	98
	<u>57,048</u>	<u>16,200</u>
 (i) The refund relates to investments from joint venture partners to reimburse Ishine for expenditures spent on the tenement from previous periods.		
(b) Other expenses includes the following specific expenses:		
Stock exchange and registry fees	(27,983)	(33,309)
Insurance expenses	(8,066)	(18,850)
Loss on foreign exchange	-	(5,588)
	<u>(36,049)</u>	<u>(57,747)</u>
(c) Employee expenses include 9.25% of superannuation as defined benefit plan \$8,325 (30 June 2013: \$9,450).		
8. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	535,653	986,324
	<u>535,653</u>	<u>986,324</u>
Cash and cash equivalents balance as at 30 June 2013 has been restated due to the reclassification of term deposit to 'Other Receivable'. Refer to note 10.		
Reconciliation of loss for the year to net cash flows used in operating activities:		
Loss for the year	(480,732)	(2,416,687)
Non-cash expenses:		
Depreciation	38,475	18,104
Impairment on financial assets	-	581,000
Impairment of exploration and evaluation expenditure	-	613,053
Share based payment	60,500	107,250
Loss on foreign exchange	-	5,588
Changes in assets and liabilities:		
(Increase)/Decrease in:		
Receivables	(50,992)	10,180
(Decrease)/Increase in:		
Payables	(17,922)	14,301
Net cash flows used in operating activities	<u>(450,671)</u>	<u>(1,067,211)</u>

Notes to the Financial Statements (Cont'd)

	Company	
	31 December	30 June
	2013	2013
	\$	\$
9. INCOME TAX		
(a) Income tax expense/(benefit)		
The income tax(benefit) for the year differs from the prima facie tax as follows:		
Loss for year	(480,732)	(2,416,687)
Prima facie income tax (benefit) @ 30% (30 June 2013: 30%)	(144,220)	(725,006)
Non-deductible expenses	18,150	381,194
Current year deferred tax assets not brought to account	126,070	343,812
Total income tax expense	-	-
(b)Unrecognised deferred tax assets		
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	1,648,935	1,513,942
- Capital raising costs	6,901	13,803
- Temporary differences	7,411	9,432
Net unrecognised deferred tax asset	1,663,247	1,537,177
10. TRADE AND OTHER RECEIVABLES		
Trade receivables*	9,059	343
Deposits paid	20	20
Prepaid expenses	47,148	11,678
GST recoverable	14,910	11,727
Interest Accrued	1,123	-
Term deposit **	91,495	88,996
	163,755	112,764
*None of the receivables post due but not impaired		
**Term deposit of \$91,495 in 31 December 2013 has been classified to other receivables (June 2013:\$88,996)		
11. OTHER FINANCIAL ASSETS		
Available for sale financial asset carried at fair value		
<i>Listed securities - Shares</i>		
Opening balance		
AFS fair value movement	174,300	522,900
Impairment write-off	91,300	-
Closing Balance	-	(348,600)
	265,600	174,300

Notes to the Financial Statements (Cont'd)

	Company	
	31 December 2013 \$	30 June 2013 \$
12. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment – at cost	166,290	166,290
Accumulated depreciation	(131,879)	(93,404)
Total written down amount	<u>34,411</u>	<u>72,886</u>
Reconciliation		
Opening written down value	72,886	90,855
Additions	-	135
Depreciation charge for the period	(38,475)	(18,104)
Closing written down value	<u>34,411</u>	<u>72,886</u>
13. DEFERRED EXPLORATION EXPENDITURE		
Exploration and evaluation costs in respect of mining areas of interest		
Opening net book amount (i)	613,053	1,226,106
JV acquisition cost written off (ii)	-	(613,053)
Closing net book amount	<u>613,053</u>	<u>613,053</u>
<p>(i) The beginning balance of \$1,226,106 represents consideration paid for the right to acquire a 70% interest via Farm-in Arrangements in the Boomarra and Mt Watson tenements being \$50,000 cash, 2,000,000 shares issued at fair value of \$0.20 per share and 5,000,000 options exercisable at \$0.20 each on or before 31 December 2015.</p> <p>(ii) Impairment of acquisition cost in prior periods arising from the termination of exploration due to limited potential to acquire the right to earn a 70% interest in Boomarra and maintain its 49% interest.</p> <p>(iii) The Mount Watson Project is a Joint Venture with Kabiri Resources with Ishine earning up to a 70% interest through exploration expenditure of up to \$800,000 over 42 months from 9 October 2009. As of 30 October 2012 the Ishine has earned 70% undivided interest in Mt Watson project. Ishine's Joint Venture partner, the 8th Institute of Geology and Mineral Exploration ("IGME"), according to agreement signed on 5 September 2011, IGME will earn a 51% interest in the project if its cash payment and exploration expenditure accumulate to \$1.7 million.</p>		
14. TRADE AND OTHER PAYABLES		
Trade and other payables	30,482	42,801
Annual leave provision	25,107	16,711
Accruals	4,000	18,000
	<u>59,589</u>	<u>77,512</u>
15. CONTRIBUTED EQUITY		
(a) Share capital		
90,851,291 ordinary shares fully paid	7,621,235	7,621,235

Notes to the Financial Statements (Cont'd)

(b) Movement in ordinary shares on issue

	\$	Number
At 1 July 2012	6,839,951	87,300,000
Issue of 3,551,291 shares at \$0.22 per share fully paid	781,284	3,551,291
At 30 June 2013 and 31 December 2013	<u>7,621,235</u>	<u>90,851,291</u>

(c) Share Options

There were no share options issued during the financial period ended 31 December 2013. Details of unissued shares or interests under option as at 31 December 2013 are disclosed in Note 23 to the financial statements. (30 June 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.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

16. RESERVES AND ACCUMULATED LOSSES

	Company	
	31 December 2013	Restated 30 June 2013
	\$	\$
(a) Reserves		
<i>Share-based payments reserve</i>		
Balance at the beginning of the year	980,249	872,998
Share based payment	60,500	107,251
Balance at the end of the year	<u>1,040,749</u>	<u>980,249</u>
<i>Investment revaluation reserve</i>		
Balance at the beginning of the year	(74,700)	(307,100)
Change in investment revaluation reserve	91,300	232,400
Balance at the end of the year	<u>16,600</u>	<u>(74,700)</u>

(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 2013 \$	Restated 30 June 2013 \$
(c) Accumulated losses		
Balance at the beginning of the year	(6,644,969)	(4,228,282)
Net loss for the year	(480,732)	(2,416,687)
Balance at the end of the year	<u>(7,125,701)</u>	<u>(6,644,969)</u>

17. 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

(480,732)	(2,416,687)
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Number of shares 31 December 2013	Number of shares 30 June 2013
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(b) Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share

<u>90,851,291</u>	<u>89,090,240</u>
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(c) Information on the classification of options

As the Company has made a loss for the period ended 31 December 2013 (30 June 2013: Loss), all options on issue (refer note 23) 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.

18. DIVIDENDS

No dividends were paid during the financial year (30 June 2013: None). No recommendation for payment of dividends has been made. (June 2013: None)

Notes to the Financial Statements (Cont'd)

19. 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 below expenditure commitments has excluded funding that will be contributed by the 8th Institute of Geology and Mineral Exploration ("IGME") through their funding to the exploration activities as envisaged under the Farm-out agreement as outlined in note 7.

The existing tenement commitments are as follows;

	Company	
	31 December 2013	30 June 2013
	\$	\$
0 to 1 year	899,178	1,282,301
1 to 3 years	1,517,353	1,678,647
3 to 5 years	235,989	508,929
	2,652,520	3,469,877

(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.

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

0 to 1 year	84,611	112,815
1 to 3 years	-	28,204
	84,611	141,019

(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	10,500	10,500
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20. 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 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 2013	30 June 2013
	\$	\$
Financial assets		
Cash and cash equivalents	535,653	986,324
Trade and other receivables	163,755	112,764
Financial asset available for sale	265,600	174,300
	965,008	1,273,388
Financial liabilities		
Trade and other payables	59,589	77,512
	59,589	77,512

(c) Interest rate risk management

The Company's exposure to risks of changes in market interest rates relates primarily to the Company 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	
	6month to 31 December 2013	12 month to 30 June 2013
	\$	\$
Judgements of reasonably possible:		
Post tax profit – higher / (lower)		
+0.5%	1,450	1,910
-0.5%	(1,450)	(1,910)

(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:		
Equity – higher / (lower)		
+1.0%	1,859	1,220
-1.0%	(1,859)	(1,220)

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 2013, 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 2013				30 June 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	59,589	-	-	59,589	77,512	-	-	77,512
Total Financial Liabilities	59,589	-	-	59,589	77,512	-	-	77,512

(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 current none of such liabilities are pass 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.

21. 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 2013	30 June 2013
	\$	\$
Short-term benefits	186,000	295,660
Post-employment benefits	8,325	9,450
Share-based payments	60,500	70,583
	<u>254,825</u>	<u>375,693</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.

22. RELATED PARTY TRANSACTIONS

(a) Key management personnel equity holdings

(i) Fully paid ordinary shares

	Balance at start of period	Granted as compensation	Received on exercise of options	Net other change	Balance at end of period
	No	No	No	No	No
31 December 2013					
<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.

Notes to the Financial Statements (Cont'd)

	Balance at start of period	Granted as compensation	Received on exercise of options	Net other change	Balance at end of period
	No	No	No	No	No
30 June 2013					
<i>Directors</i>					
Yunde Li	10,000,000	-	-	-	10,000,000
Naiming Li	-	-	-	-	-
Mark Muzzin	-	-	-	-	-
<i>Executives</i>					
Chuanshui Yin (ii)	120,000	-	-	-	120,000
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 received director's fees of \$27,000 for the 6 months ended 31 December 2013 from Ishine.

Mark Muzzin is a partner of the partnership M & C Muzzin which received director's fees of \$27,000 for the 6 months ended 31 December 2013 from Ishine.

Leonard Math is an employee of GDA Corporate, payments were made to GDA Corporate. They have 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 board review the fees for both services are \$3,500 per month each in the 6 month period ended 31 December 2013. The fees paid include company secretarial and accounting fees total of \$42,000 for the 6 months ended 31 December 2013 from Ishine (June 2013: \$84,766).

Notes to the Financial Statements (Cont'd)

23. SHARE BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the 6 month period ended 31 December 2013 is shown in the table below:

	6 months to 31 December 2013 \$	Restated 12 months to 30 June 2013 \$
Expense arising from equity-settled share based payment transactions for employees	60,500	70,583
	<u>60,500</u>	<u>70,583</u>

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

In December 2013, pursuant to employment agreements with CEO Mr Chuanshui Yin, 300,000 shares were approved to be issued upon meeting certain service criteria. 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.

300,000 shares were approved to be issued following board approval on 30 November 2013.

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 2013		30 June 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	6,275,000	0.2032
Granted	-	-	-	-
Lapsed	-	-	(1,275,000)	0.2157
Exercised	-	-	-	-
Balance at end of year	<u>5,000,000</u>	0.2000	<u>5,000,000</u>	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 (30 June 2013: \$0.2000), and a weighted average remaining contractual life of 730 days (30 June 2013: 914 days).

Notes to the Financial Statements (Cont'd)

	6 months to 31 December 2013 \$	12 months to 30 June 2013 \$
24. REMUNERATION OF AUDITORS		
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:		
Audit services		
Audit or review of financial reports		
- Deloitte Touche Tohmatsu	11,925	32,600
- PricewaterhouseCoopers*	46,320	-
	58,245	32,600

* Fees charged to China Zhongzheng Resources Holdings Limited (HK Zhongzheng) is \$26,000.

25. CONTINGENT LIABILITIES

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

26. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no other matters or circumstance has arisen since 31 December 2013, 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) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board, as stated in note 2 to the financial statements;
- (c) the attached financial statements and notes thereto on pages 26 to 46 are in accordance with the Corporations Act 2001, including complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements and giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the 6 month period ended on that date;

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.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Mr Yunde Li
Non-executive Director
28 March 2014
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 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period 1 July 2013 to 31 December 2013, 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*.



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 2013 and of its performance for the period 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 9 to 12 of the directors' report for the period ended 31 December 2013. 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 period ended 31 December 2013 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Ben Gargett', written in a cursive style.

Ben Gargett
Partner

Perth
28 March 2014

ASX Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28 April 2014.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

		Ordinary shares Number of holders
1	- 1,000	3
1,001	- 5,000	4
5,001	- 10,000	113
10,001	- 100,000	85
100,001	and over	27
		232

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares %
1	SHANDONG ISHINE MINING	63,151,291	69.51%
2	MR LI YUNDE	10,000,000	11.01%
3	AUSRICH RESOURCES PTY LTD	2,740,000	3.02%
4	MR LI HOU	1,900,000	2.09%
5	MR HENGWEN TAN	1,328,000	1.46%
6	MR JIAN HAN	920,700	1.01%
7	SINOGREEN RESOURCES PTY LTD	650,000	0.72%
8	MR JIAN HAN	642,887	0.71%
9	MR GUIYUN SUN	610,000	0.67%
10	MRS HENGWEN TAN	519,484	0.57%
11	SINOGREEN RESOURCES PTY LTD	415,000	0.46%
12	MS JIAYI ZHENG	300,000	0.33%
13	MR GUIJUN ZHAO	250,000	0.28%
14	MR NAIYAN HE	200,000	0.22%
15	MR HUANJIE ZHANG	200,000	0.22%
16	MR GUANGMING ZHANG	200,000	0.22%
17	MR HUA WANG	200,000	0.22%
18	MR YONGJUN CAI	200,000	0.22%
19	MR FENG WANG	200,000	0.22%
20	MR MINGHAO XUE	200,000	0.22%
		84,827,362	93.38%

Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

ASX Additional Information continued

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares
SHANDONG ISHINE MINING INDUSTRY CO LTD	63,151,291