

# **Ishine International Resources Limited**

**Half-Year Financial Report  
31 December 2009**

**ISHINE INTERNATIONAL RESOURCES LIMITED  
HALF-YEAR REPORT**

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Table of Contents

<b>TABLE OF CONTENTS .....</b>	<b>2</b>
<b>CORPORATE DIRECTORY .....</b>	<b>3</b>
<b>DIRECTORS' REPORT .....</b>	<b>4</b>
<b>AUDITORS' INDEPENDENCE DECLARATION .....</b>	<b>5</b>
<b>STATEMENT OF COMPREHENSIVE INCOME.....</b>	<b>6</b>
<b>STATEMENT OF FINANCIAL POSITION.....</b>	<b>7</b>
<b>STATEMENT OF CASH FLOWS .....</b>	<b>8</b>
<b>STATEMENT OF CHANGES IN EQUITY .....</b>	<b>9</b>
<b>1. CORPORATE INFORMATION .....</b>	<b>10</b>
<b>2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....</b>	<b>10</b>
<b>3. NEW AND REVISED ACCOUNTING POLICIES.....</b>	<b>14</b>
<b>4. SEGMENT INFORMATION .....</b>	<b>16</b>
<b>5. EXPENSES.....</b>	<b>16</b>
<b>6. CASH AND CASH EQUIVALENTS.....</b>	<b>16</b>
<b>7. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT COSTS.....</b>	<b>16</b>
<b>8. SHARE BASED PAYMENT PLANS.....</b>	<b>17</b>
<b>9. COMMITMENTS AND CONTINGENCIES.....</b>	<b>17</b>
<b>10. CONTRIBUTED EQUITY .....</b>	<b>18</b>
<b>11. EVENTS AFTER THE BALANCE SHEET DATE.....</b>	<b>18</b>
<b>DIRECTORS' DECLARATION.....</b>	<b>20</b>
<b>INDEPENDENT AUDITOR'S REVIEW REPORT.....</b>	<b>21</b>

# **ISHINE INTERNATIONAL RESOURCES LIMITED HALF-YEAR REPORT**

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## **CORPORATE DIRECTORY**

### **DIRECTORS**

Mr Yunde Li	Executive Chairman
Dr Caigen Wang	Managing Director
Mr Hongwei Cao	Non-executive Director
Mr Naiming (James) Li	Non-executive Director
Ms Ling Lu	Non-executive Director
Mr Mark Muzzin	Non-executive Director

### **COMPANY SECRETARY**

Mr Leonard Math

### **REGISTERED OFFICE**

GDA Corporate  
Level M, 35-37 Havelock Street  
WEST PERTH WA 6005

### **AUDITORS**

PKF Chartered Accountants & Business Advisors  
Level 7, BGC Centre  
28, The Esplanade  
PERTH WA 6000

### **AUSTRALIAN SECURITIES EXCHANGE**

ASX Code - ISH

# ISHINE INTERNATIONAL RESOURCES LIMITED

## HALF-YEAR REPORT

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### DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2009.

### DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Yunde Li	Executive Chairman (Appointed 18 September 2009)
Dr Caigen Wang	Managing Director (Appointed 30 October 2009)
Mr Hongwei Cao	Non-executive Director (Appointed 18 September 2009)
Mr Naiming (James) Li	Non-executive Director (Appointed 18 September 2009)
Ms Ling Lu	Non-executive Director (Appointed 18 September 2009)
Mr Mark Muzzin	Non-executive Director (Appointed 1 February 2010)

### REVIEW AND RESULTS OF OPERATIONS

The Company undertook a thorough technical review and due diligence over a large number of mineral projects in Australia. Three Farm-in agreements were reached which will allow the Company to earn up to 70% interest in seven exploration tenements. The Farm-in arrangements are in:

- Falcon Bridge Joint Venture Agreement with Strategic Energy Resources Ltd and Strategic Nickel Pty Ltd
- Heads of Agreement for Mt Matson projects with Kabiri Resources Pty Ltd
- Heads of Agreement for Boomarra projects with Kabiri Resources Pty Ltd

With strong support from Shandong Ishine Mining Group, the Company raised \$3,480,000 through seed capital allocation. The Company successfully raised \$3,000,000 oversubscribed through the Initial Public Offering at \$0.20 per share and was listed on the Australian Securities Exchange on the 18 December 2009.

Moving forward, the Company has developed detailed exploration programs to explore the projects in Western Australia and Queensland. Geophysical test work is planned to start in the first quarter of 2010, which will be used for defining drilling programs.

The net loss from continuing operations for the half year is \$236,418.

### AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor's, PKF Chartered Accountants, which is included on page 5.

Signed in accordance with a resolution of the directors



CAIGEN WANG  
Managing Director  
Dated: 11 March 2010

# ISHINE INTERNATIONAL RESOURCES LIMITED HALF-YEAR REPORT

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Chartered Accountants  
& Business Advisers

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Ishine International Resources Ltd for the half year ended 31 December 2009, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ishine International Resources Ltd.

A handwritten signature in black ink that reads 'PKF'.

PKF  
Chartered Accountants

A handwritten signature in black ink that reads 'Chris Nicoloff'.

Chris Nicoloff  
Partner

Dated in Perth, Western Australia on this 11<sup>th</sup> day of March 2010.

Tel: 61 8 9278 2222 | Fax: 61 8 9278 2200 | [www.pkf.com.au](http://www.pkf.com.au)  
West Australian Partnership | ABN 39 542 778 278  
Level 7, BGC Centre | 28 The Esplanade | Perth | Western Australia 6000 | Australia  
PO Box 25066 | St Georges Terrace | Perth | Western Australia 6831

PKF Perth is a member of the PKF International Limited network of legally independent member firms. PKF Perth is also a member of PKF Australia Limited, a national network of legally independent firms each trading as PKF. PKF Perth does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

5

**ISHINE INTERNATIONAL RESOURCES LIMITED**  
**HALF-YEAR REPORT**

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**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2009**

	Notes	31 December 2009 \$
<b>Continuing Operations</b>		
Share based payments expense		(1,247)
Depreciation expense		(2,020)
Other expenses	5	(233,151)
<b>Profit/(loss) from continuing operations before income tax</b>		<u>(236,418)</u>
Income tax expense		<u>-</u>
<b>Profit/(loss) from continuing operations after income tax</b>		<u>(236,418)</u>
Other comprehensive income		<u>-</u>
<b>Total comprehensive income for the period</b>		<u>-</u>
Earnings per share (cents per share)		
- basic; for loss for the half-year		(3.86)
- diluted; for loss for the half-year		(3.86)

The accompanying notes form the part of these financial statements.

**ISHINE INTERNATIONAL RESOURCES LIMITED**  
**HALF-YEAR REPORT**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2009**

	Notes	31 December 2009 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	6	6,173,431
Trade and other receivables		27,781
<b>Total Current Assets</b>		<u>6,201,212</u>
<b>Non-Current Assets</b>		
Deferred exploration and evaluation expenditure	7	1,226,106
Property, plant and equipment		106,280
<b>Total Non-Current assets</b>		<u>1,332,386</u>
<b>TOTAL ASSETS</b>		<u><u>7,533,598</u></u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables		221,528
Accruals		104,217
<b>Total Current Liabilities</b>		<u>325,745</u>
<b>TOTAL LIABILITIES</b>		<u>325,745</u>
<b>NET ASSETS</b>		<u><u>7,207,852</u></u>
<b>EQUITY</b>		
Contributed equity	10	6,666,918
Accumulated losses		(236,418)
Option reserve		777,352
<b>TOTAL EQUITY</b>		<u><u>7,207,852</u></u>

The accompanying notes form the part of these financial statements.

**ISHINE INTERNATIONAL RESOURCES LIMITED**  
**HALF-YEAR REPORT**

**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2009**

	Notes	31 December 2009 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers		(125,186)
<b>Net cash flows from/(used in) operating activities</b>		<b>(125,186)</b>
<b>Cash flows from investing activities</b>		
Payments for tenement acquisition		(450,000)
Payments for fixed assets		(108,301)
Loans from related party		190,000
<b>Net cash flows from/(used in) investing activities</b>		<b>(368,301)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares		6,900,000
Capital raising costs		(233,082)
<b>Net cash flows from/(used in) financing activities</b>		<b>6,666,918</b>
Net increase/(decrease) in cash and cash equivalents		6,173,431
Cash and cash equivalents at beginning of period		-
<b>Cash and cash equivalents at end of period</b>	6	<b>6,173,431</b>

The accompanying notes form the part of these financial statements.



**ISHINE INTERNATIONAL RESOURCES LIMITED**  
**HALF-YEAR REPORT**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 DECEMBER 2009**

	Issued shares \$	Option reserve \$	Retained earnings \$	Total equity \$
<b>Opening balance</b>	-	-	-	-
Loss for the period	-	-	(236,418)	(236,418)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	(236,418)	(236,418)
Issue of shares	6,900,000	-	-	6,900,000
Share-based payments	-	777,352	-	777,352
Share transaction costs	(233,082)	-	-	(233,082)
<b>At 31 December 2009</b>	<b>6,666,918</b>	<b>777,352</b>	<b>(236,418)</b>	<b>7,207,852</b>

The above statement should be read in conjunction with the accompanying notes

# ISHINE INTERNATIONAL RESOURCES LIMITED

## HALF-YEAR REPORT

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### 1. CORPORATE INFORMATION

The financial report of Ishine International Resources Limited (the Company) for the period from incorporation on 18 September 2009 to the period ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 11 March 2010.

Ishine International Resources Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange ("ASA").

### 2. SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all of the notes of the type normally included in the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the full financial report.

As Ishine International Resources Limited was incorporated on 18 September 2009 and listed on the ASX on 10 December 2009 an annual report for the proceeding period does not exist. The company's accounting policies have been included in the half year financial report.

It is also recommended that the half-year financial report be considered together with any public announcements made by Ishine International Resources Limited during the period ended 31 December 2009 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

#### (a) Basis of Preparation

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirement of the *Corporations Act 2001*, and Australian Accounting Standards, including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis, except where stated.

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

#### (b) Going Concern Basis

The Financial Information has been prepared on the basis of a going concern which assumes that the Company will be able to pay its debts as and when they fall due and continue its operation in the ordinary course of business without any intention or necessity to liquidate or otherwise wind up its operations.

#### (c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (d) Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

## ISHINE INTERNATIONAL RESOURCES LIMITED

### HALF-YEAR REPORT

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#### (e) Taxation

##### (i) Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

##### (ii) Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the Financial Information and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) that affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### (iii) Current and deferred tax for the year.

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

#### (f) Impairment of Assets

The Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

## **ISHINE INTERNATIONAL RESOURCES LIMITED**

### **HALF-YEAR REPORT**

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Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **(g) Exploration and Evaluation Expenditure**

Exploration and evaluation assets arising out of acquisitions are capitalised as part of deferred exploration and evaluation assets. Subsequent to acquisition exploration expenditure is expensed in accordance with the Company's accounting policy.

Impairment review for deferred exploration and evaluation costs are carried out on a area of interest basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, typically when one of the following circumstances apply:

- Unexpected geological occurrences that render the resource uneconomic;
- Title to asset is compromised; and
- Variations in prices that render the project uneconomic.

#### **(h) Share Based Payments**

Share based payments are provided to employees and directors.

Equity-settled share-based payments in the form of share options are measured at fair value at grant date. Fair value is measured by the use of the Black-Scholes option pricing model. The various assumptions used in the model have been adjusted based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value at grant date is expensed on a straight line basis over the vesting period, based on management's estimate of the share options that will eventually vest. At each reporting date, the Company revises its estimates of the number of share options expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the share option reserve.

#### **(i) Other taxes**

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 cash flow statement 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.

## ISHINE INTERNATIONAL RESOURCES LIMITED

### HALF-YEAR REPORT

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#### (j) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

#### (k) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value 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 the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and building are credited to a revaluation reserve in the equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Office equipment	66.67%
Motor Vehicle	18.75%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

## ISHINE INTERNATIONAL RESOURCES LIMITED

### HALF-YEAR REPORT

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#### 3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

From incorporation the Company has adopted the following standards and interpretations, mandatory for annual reporting periods beginning on or after 1 January 2009. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Company.

- (i) AASB 2 Revised *Vesting Conditions and Cancellations*;
- (ii) AASB 3 Revised *Business Combinations*;
- (iii) AASB 8 *Operating Segments*;
- (iv) AASB101 Revised *Presentation of Financial Statements*;
- (v) AASB 127 Amended *Consolidated and Separate Financial Statements*;
- (vi) AASB 132 Revised *Puttable Financial Instruments and Obligations Arising on Liquidation*; and
- (vii) AASB 123 Revised *Borrowing Costs*.

The following Amending Standards have also been adopted from 1 January 2009:

- (i) AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*;
- (ii) AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*;
- (iii) AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*;
- (iv) AASB 2008-1 *Amendments to Australian Accounting Standards Share-based Payments; Vesting Conditions and Cancellations*;
- (v) AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidity*;
- (vi) AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*;
- (vii) AASB 2008-6 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*;
- (viii) AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, jointly Controlled Entity or Associate*;
- (ix) AASB 2008-8 *Amendments to Australian Accounting Standards – Eligible Hedged Items*;
- (x) AASB 2008-9 *Amendments to AASB 1049 for Consistency with AASB 101*;
- (xi) Interpretation 11 *IFRS 2 – Group and treasury Share Transactions*;
- (xii) Interpretation 12 *Service Concession Arrangements*;
- (xiii) Interpretation 13 *Customer Loyalty Programs*;
- (xiv) Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction*;
- (xv) Interpretation 15 *Agreements for the Construction of Real Estate*; and
- (xvi) Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*.

#### (a) New Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Consolidated Entity in the period of initial application. They were available for early adoption at 31 December 2009 but have not been applied in preparing the financial statements.

The Company has not elected to early adopt any new standards or amendments.

# ISHINE INTERNATIONAL RESOURCES LIMITED

## HALF-YEAR REPORT

New or Revised Requirement	Effective for annual reporting periods beginning/ending on or after						
<p><b>AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions</b></p> <p>The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.</p> <p>The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence these two Interpretations are superseded by the amendments.</p>	<p>Beginning 1 January 2010</p>						
<p><b>AASB 9: Financial Instruments.</b></p> <p>AASB 9 Simplifies the classifications of financial assets into two categories:</p> <ul style="list-style-type: none"> <li>• Those carried at amortised cost; and</li> <li>• Those carried at fair value.</li> </ul> <p>Simplifies requirements related to embedded derivatives that exist in financial assets that are carried at amortised cost, such that there is no longer a requirement to account for the embedded derivative separately. Removes the tainting rules associated with held-to-maturity assets. Investments in equity instruments that are not held for trade can be designated at fair value through other comprehensive income, with only dividends being recognised in profit and loss. Investments in unquoted equity instruments (and contracts on those investments that must be settled by delivery of the unquoted equity instrument) must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value.</p>	<p>Beginning 1 January 2013. (Early adoption permitted for financial periods ended on or after 31 December 2009.)</p>						
<p><b>Revised AASB 124: Related Party Disclosures (December 2009): Related Party Disclosures (December 2009).</b> Simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition of a related party. Clarifies</p> <table border="1" data-bbox="280 1199 1062 1509"> <thead> <tr> <th data-bbox="280 1199 672 1247">Related Parties</th> <th data-bbox="672 1199 1062 1247">Not Related Parties</th> </tr> </thead> <tbody> <tr> <td data-bbox="280 1247 672 1367">Subsidiaries and associates with same investors</td> <td data-bbox="672 1247 1062 1367">Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person</td> </tr> <tr> <td data-bbox="280 1367 672 1509">Person or entity with joint control over a second entity and joint control or significant influence over a third party. The second and third parties are related parties.</td> <td data-bbox="672 1367 1062 1509"></td> </tr> </tbody> </table> <p>Partial exemption provided from the disclosure requirements of government related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.</p>	Related Parties	Not Related Parties	Subsidiaries and associates with same investors	Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person	Person or entity with joint control over a second entity and joint control or significant influence over a third party. The second and third parties are related parties.		<p>Beginning 1 January 2011</p>
Related Parties	Not Related Parties						
Subsidiaries and associates with same investors	Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person						
Person or entity with joint control over a second entity and joint control or significant influence over a third party. The second and third parties are related parties.							
<p><b>Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments.</b></p> <p>Requires the extinguishment of a financial liability by the issue of equity instruments to be measured at fair value (preferably using the fair value of the equity instrument issued) with the difference between the fair value of the instrument and the carrying value of the liability extinguished being recognised in profit or loss. The Interpretation does not apply where the conversion terms were included in the original contract (such as in the case of a convertible debt) or to common control transactions.</p>	<p>Beginning 1 July 2010</p>						

# ISHINE INTERNATIONAL RESOURCES LIMITED

## HALF-YEAR REPORT

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### 4. SEGMENT INFORMATION

The Company currently operates in one industry and one geographical segment, namely the exploration of mineral resources in Australia. The Company hold interests in a number of tenement areas, however management of which is conducted on an overall project feasibility basis.

### 5. EXPENSES

	<i>31 December 2009</i>
	<u>\$</u>
<b>(a) Expenses from Continuing Operations</b>	
<i>Other expenses</i>	
Consulting fees	6,746
Travel expenses	55,080
Administration expenses	<u>171,325</u>
	<u>233,151</u>

### 6. CASH AND CASH EQUIVALENTS

For the purposes of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

Cash at bank and in hand	<u>6,173,431</u>
	<u>6,173,431</u>

### 7. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	<i>31 December 2009</i>
	<u>\$</u>
Cost of tenement acquisition	Note (i) <u>1,226,106</u>
	<u>1,226,106</u>

(i) The payment of consideration 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 a deemed price of \$0.20 per share and 5,000,000 options exercisable at \$0.20 each on or before 31 December 2015. The calculation of fair value of the options is shown in Note 8. No payment is required to acquire a 70% interest in Falcon Ridge.



## ISHINE INTERNATIONAL RESOURCES LIMITED

### HALF-YEAR REPORT

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#### 8. SHARE BASED PAYMENT PLANS

As provided for in the Prospectus, the Company entered into an agreement to grant 5,000,000 unlisted share options to Kabiri Resources Pty Ltd in exchange for the acquisition of 70% interest via Farm-in Arrangements in the Boomarra and Mt Watson tenements. The options are exercisable at \$0.20 each on or before 31 December 2015.

On 19 December 2009, the Company issued Mr Peter Sheppard or his nominees from Triple CCC Consulting 1,000,000 Unlisted Options for the provision of consultancy services. The options are exercisable at 20 cents each expiring 3 years from the date of issue. The options will not be vested until the Company's shares trading on the ASX at 30 cents or above for 35 consecutive days.

175,000 Unlisted Options were also issued to Mr Peter Andrews or his nominees for the provision of consultancy services. The options are exercisable at 20 cents each expiring 3 years from the date of issue. The options will not be vested until the Company's shares trading on the ASX at 30 cents or above for 35 consecutive days.

The fair value of the options granted is estimated as at the date of grant using a BlackScholes calculation model, taking into account the terms and conditions upon which the options were granted. The estimated total fair value of the options granted is \$889,740.

The following table lists the inputs to the model used for the period ended 31 December 2009:

<i>No. of options</i>	<b>5,000,000</b>	<b>1,175,000</b>
<i>Share price</i>	\$0.2000	\$0.2300
<i>Exercise price</i>	\$0.2000	\$0.20
<i>Interest rate</i>	5.34%	3.75%
<i>Expiry date</i>	31 December 2015	1,095 days from date of issue
<i>Volatility</i>	90%	50%
<i>Value per option</i>	0.1552	0.0968

#### 9. COMMITMENTS AND CONTINGENCIES

##### Tenement commitments

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

The existing tenement commitments are as follows;

	<i>31 December 2009</i>
	\$
0 to 1 year	1,328,000
1 to 3 years	1,825,000
3 to 5 years	2,050,000
Greater than 5 years	-
	<u>5,203,000</u>

**ISHINE INTERNATIONAL RESOURCES LIMITED**  
**HALF-YEAR REPORT**

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The tenement commitments as at 31 December 2009 include the minimum amounts to be paid to the WA Department of Minerals and Petroleum and the Queensland Department of Mines and Energy in order to maintain the tenements in good standing.

The Company entered in to a 3 year lease agreement in relation to offices premises on 15 March 2010. The commitments in relation to this, inclusive of floor space, parking bays and variable outgoings are as follows:

	<i>31 December 2009</i>
	\$
0 to 1 year	110,713
1 to 3 years	221,426
	<u>332,139</u>

The company has entered into an agreement with GDA Corporate for the provision of corporate advisory and accounting services. The fees arising from this arrangement are subject to review at 30 June 2010.

The Directors are not aware of any contingent liabilities as at 31 December 2009.

	<i>31 December 2009</i>
	No.            \$

**10. CONTRIBUTED EQUITY**

*(i) Ordinary shares*

	<u>86,700,000</u>	<u>6,666,918</u>
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*Movement in ordinary shares on issue*

Issue of 59,600,000 ordinary shares at \$0.05 ea	59,600,000	2,980,000
Issue of 10,000,000 ordinary shares at \$0.05 ea	10,000,000	500,000
Issue of 15,000,000 ordinary shares at \$0.20 ea	15,000,000	3,000,000
<i>Issued to Vendors as per agreement:</i>		
1,000,000 ordinary shares at \$0.20 ea	1,000,000	200,000
1,000,000 ordinary shares at \$0.20 ea	1,000,000	200,000
100,000 ordinary shares deemed at \$0.20 ea	100,000	20,000
Transaction costs on share issue	-	(233,082)

**At 31 December 2009**

	<u>86,700,000</u>	<u>6,666,918</u>
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**11. EVENTS AFTER THE BALANCE SHEET DATE**

On 1 March 2010, the Board of Directors announced that the Company agrees to take up a strategic position at Athena Resources Limited ("Athena") (ASX Code:AHN) for up to 19.9% in Athena, subject to the approval of Athena shareholders.

Ishine will invest \$1,037,500 in Tranche 1 for 8,300,000 Fully Paid Ordinary Shares at 12 cents per share with 4,150,000 Options exercisable at 8 cents expiring on 30 April 2012 at 1 cent per option.

## **ISHINE INTERNATIONAL RESOURCES LIMITED HALF-YEAR REPORT**

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Subject to exercising its Option at anytime before 5.00pm (WST) on 31 October 2010, Ishine can further increase their stake in Athena by 5,935,823 Fully Paid Ordinary Shares at 20 cents per share with 2,967,912 Options expiring exercisable at 8 cents expiring on 30 April 2012 at 1 cent per option.

On completion of the Tranche 1 investment, Ishine will nominate Dr Caigen Wang as a director of Athena.

The funding from Ishine will assist Athena to further accelerate exploration at the Byro Iron Ore Project in Mid West WA.

Mark Muzzin is appointed as Non-executive Director of the Company on 1 February 2010.

Other than the above, no further matters have arisen since the end of the half year which have significantly affected or may significantly affect the operations or the state of affairs of the Company in the future financial years.

## ISHINE INTERNATIONAL RESOURCES LIMITED HALF-YEAR REPORT

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### DIRECTORS' DECLARATION

In accordance with a resolution of the board of directors of Ishine International Resources Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 6 to 19 are in accordance with the *Corporations Act 2001*, including:
  - i. give a true and fair view of the financial position as at the 31 December 2009 and the performance for the half-year ended on that date of the Company; and
  - ii. comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.
  
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



CAIGEN WANG  
Managing Director

Perth, 11 March 2010

# ISHINE INTERNATIONAL RESOURCES LIMITED

## HALF-YEAR REPORT

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Chartered Accountants  
& Business Advisers

### INDEPENDENT REVIEW REPORT

#### TO THE MEMBERS OF ISHINE INTERNATIONAL RESOURCES LTD

##### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ishine International Resources Ltd which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes and the directors' declaration.

##### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

##### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ishine International Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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21

# ISHINE INTERNATIONAL RESOURCES LIMITED

## HALF-YEAR REPORT

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Chartered Accountants  
& Business Advisors

### *Independence*

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

### *Conclusion*

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.

A stylized, handwritten signature of the PKF firm, consisting of the letters 'PKF' in a cursive, blue ink.

PKF  
Chartered Accountants

A handwritten signature in blue ink that reads 'Chris Nicoloff'.

Chris Nicoloff  
Partner

Dated in Perth, Western Australia on this 11<sup>th</sup> day of March 2010.