



Ishine International Resources Limited

Half-Year Financial Report
31 December 2010



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CORPORATE DIRECTORY

DIRECTORS

Mr Yunde Li	Executive Chairman
Dr Caigen Wang	Managing Director
Mr Naiming (James) Li	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

Deloitte Touche Tohmatsu
Woodside Plaza, Level 14
240 St Georges Terrace
PERTH WA 6000

AUSTRALIAN SECURITIES EXCHANGE

ASX Code - ISH



DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2010.

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
Dr Caigen Wang	Managing Director
Mr Naiming (James) Li	Non-Executive Director
Mr Mark Muzzin	Non-Executive Director
Mr Hongwei Cao	Non-Executive Director (Appointed 18 September 2009, Resigned 23 November 2010)
Ms Ling Lu	Non-Executive Director (Appointed 18 September 2009, Resigned 23 November 2010)

PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was mineral resources exploration.

REVIEW OF OPERATIONS

1. Exploration over three Joint Venture ('JV') Projects

a) Mt Watson Copper JV Project

The Company received and reviewed its assay results from its maiden RC drilling, at Mount Watson Copper Project, carried out late 2010. The drilling program targeted several VTEM anomalies which were situated 5km to the south west and along strike of the Mount Watson Copper Deposit (8.01Mt @ 0.9% Cu). A broad, highly anomalous copper zone was discovered in MWRC007 with intersections of:

*90m @ 0.21% Cu from 18m including 2m @ 0.73% Cu from 36m, and
8m @ 0.40% Cu from 46m*

The intersection is within a sulphidic black shale unit of the Surprise Creek formation being the same stratigraphy as the mineralisation at Mount Watson. Disseminated sulphides were recorded from logging of the RC chips with chalcopyrite and chalcocite present. The rock unit otherwise had a geochemical background of around 30ppm copper. Several other lower order anomalous zones were also recorded in several of the other drill holes.

These results were the product of Ishine's first drilling campaign in the Mt Isa district after the initial helicopter-borne VTEM program. This survey produced a number of anomalies across the project area, only a couple of which were tested with this first-pass program. In total 11 holes were drilled for 1,278m. Drill angles were designed to intersect the modelled conductive EM plates, however some modifications had to be made to some of the hole designs due to the terrain.

The target anomalies exist in a large fold structure believed to be favourable for hosting mineralisation analogous to that found and mined nearby at Mount Watson. Whilst Mt Watson mine was an oxide ore body, recent exploration efforts have targeted the primary zone of sulphide mineralisation at depth. The Company is planning to continue drilling to further



delineate the anomalous zones from the first program, and also to test a number of the other VTEM targets during the course of 2011.

b) Diamond drilling at the Boomarra JV Project

In interpreting the results of the gravity survey of the Boomarra JV project that the Company undertook in mid 2010, a number of anomalies were found to be coincident with previously realized magnetic anomalies along the NNE trending, regional scale Melinda Downs Fault. These coincident or slightly offset magnetic/gravity anomalies are possibly related to IOCG style mineralized systems. These anomalies are thought to reflect the presence of extensive hydrothermal iron oxide and sulphide bearing alteration zones within Proterozoic basement rocks of the Eastern Succession of the Mt Isa Inlier.

In December 2010, the Company started a single diamond drill hole into the Alpha anomaly in the southern area of the tenement, where the depth of the sediments of the overlying Carpentaria Basin are expected to be less than in the northern area of the Project. However, this operation was suspended in mid December due to heavy rain fall. A total of 602 metres were drilled. The company is currently undertaking a technical review of the core. Assay results for part of the core sent to lab have been received recently and are being reviewed currently. Further drilling of this JV project is currently being designed.

c) Falcon Bridge Nickel JV Project

During the second half of year 2010, the Company completed two rounds of drilling at the Falcon Bridge Nickel Project, 80km north of Laverton in the highly prospective Duketon Greenstone Belt. The first program of 72 Aircore holes were drilled for 3,446m across six east-west traverses which resulted in encouraging nickel and copper assays.

During late 2010, an 8-hole reverse circulation (RC) drilling program was carried out to test some of these anomalies beneath the base of weathering and/or to intersect the basal contact position of the ultramafic unit. A total of 1,199m were drilled with most holes reaching target depth.

Results were generally consistent with the first drilling program with elevated nickel within the upper, weathered portion of the holes drilled. Results included:

- *FBRC001 57m @0.43% Ni & 71ppm Cu from 30m*
- *FBRC00 45m @ 0.52% Ni & 87ppm Cu from 39m*

Beneath the base of weathering the ultramafic host is a high MgO (~39%) cumulate textured rock which is more indicative of an intrusive Type 2 or hybrid origin, as opposed to a Kambalda Style Komatiite. Subsequently the Company is reviewing all available data from the previous year's exploration programs and are making preparations for this year's program. The company is planning further geochemical study and will selectively resubmit sample pulps for PGE analysis to better define anomalies of chalcophylic elements in order to target further drilling.

2. Farm-In agreements signed with Shandong 8th Institute of Geology and Exploration

A series of negotiations with potential Chinese investors resulted in the signing of three Joint Venture ("JV") Agreements with The 8th Institute of Geology and Mineral Exploration ("IGME") with respect to copper and polymetallic mineral exploration in the Halls Creek region and Kimberley Downs region as well as gold exploration in the Narembeen region in Western Australia. Under the JV Agreements and subject to the Chinese government approval, IGME will invest up to \$10.1M into Ishine's exploration programs.

The three agreements were signed at the China Mining 2010 Project Signing Ceremony on the 17th November 2010 during the China Mining 2010 Conference in Tianjin, China. Ishine's three agreements signed were part of the total 62 agreements between Chinese parties and overseas partners signed during this grand signing ceremony.



Summary of the three JV agreements are as follows:

- i) Copper and Polymetallic mineral exploration in Halls Creek region, WA
 - The joint venture has a 2 year investment structure, with a total investment of up to \$3.8M
 - 35% of the investment to be spent in the first year and the remaining 65% in the second year
 - IGME will earn a 51% interest in the area from the investment
- ii) Copper and Polymetallic mineral exploration in Kimberley Downs region, WA
 - The joint venture has a 2 year investment structure, with a total investment of up to \$2.5M
 - 35% of the investment to be spent in the first year and the remaining 65% in the second year
 - IGME will earn a 51% interest in the area from the investment
- iii) Gold exploration in Narembeen region, WA
 - The joint venture has a 2 year investment structure, with a total investment of up to \$3.8M
 - 35% of the investment to be spent in the first year and the remaining 65% in the second year
 - IGME will earn a 51% interest in the area from the investment

The 8th Institute of Geology and Mineral Exploration, Shandong Province, is a PRC state-owned geological exploration unit. It provides services such as engineering survey, hydrological engineering, mineral geology exploration and drilling. The headquarters are located in Rizhao City, Shandong Province.

Following the signing of the JV agreements, IGME and Ishine has been working very closely on these projects. A field reconnaissance trip was made in December over all three project areas.

3. New exploration licence applications

The Company continued its effort in securing 100% owned exploration tenements through an aggressive search for quality ground in Australia. A total of 32 exploration licence applications were lodged over the past 12 months to the Western Australian Department of Mines and Petroleum and the South Australian Department of Primary Industry and Resources. Target minerals cover iron, gold, nickel, copper, lead, zinc, manganese and uranium etc. The 32 exploration licences, of which one licence has been granted, cover a total land area of 10,648km². The size, location and target minerals in each of the exploration tenements are presented in the table below.

Ishine's new exploration tenements by end of February 2011

State	Licence Number	Date Applied	Size, Block	Size, km ²	Local Shire	Target Minerals	Status
WA	E 38/2435	9-Apr-10	22	71	Laverton	Ni, Au	Granted 21/01/2011
	E 70/3880	15-Apr-10	70	225	Narembeen	Au	In Application
	E 77/1786	19-Apr-10	70	225	Merredin	Fe	In Application
	E 80/4448	18-May-10	154	496	Halls Creek	Ni, Cu, Co	In Application
	E 04/2031	18-May-10	81	261	Derby	Cu, Pb, Zn	In Application
	E 80/4450	14-Jun-10	41	132	Halls Creek	Ni, Cu, Co	In Application

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	E 37/1073	24-Jun-10	33	106	Laverton	Ni, Au	In Application
	E 39/1582	24-Jun-10	28	90	Laverton	Ni, Au	In Application
	E 37/1074	24-Jun-10	26	84	Laverton	Ni, Au	In Application
	E 69/2810	24-Jun-10	200	644	Gunbarrel	Cu, Ni	In Application
	E 69/2811	24-Jun-10	196	631	Gunbarrel	Cu, Ni	In Application
	E 69/2812	24-Jun-10	140	451	Gunbarrel	Cu, Ni	In Application
	E 80/4478	21-Sep-10	39	126	Halls Creek	Ni, Cu, Co	In Application
	E 45/3791	6-Oct-10	14	45	Pilbara	Fe	In Application
	E 08/2222	12-Oct-10	106	341	Gascoyne	Mn, U	In Application
	E 08/2071	16-Nov-10	112	361	Derby	Cu, Pb, Zn	In Application
	E 08/2075	23-Nov-10	29	93	Derby	Cu, Pb, Zn	In Application
	E40/302	9-Dec-10	11	35	Laverton	Ni, Au	In Application
	E 80/4451	22-Dec-10	7	23	Halls Creek	Ni, Cu, Au	In Application
	E 80/4452	22-Dec-10	9	29	Halls Creek	Ni, Cu, Au	In Application
	E 08/2239	17-Jan-11	34	109	Ashburton	Mn	In Application
	E 38/2601	1-Feb-11	5	16	Mt Margaret	Ni, Au	In Application
SA	ELA196/10	28-Jun-10		699	Tarlina	Cu, Ni, Pb, Zn	In Application
	ELA197/10	29-Jun-10		648	Tarlina	Cu, Ni, Pb, Zn	In Application
	ELA198/10	1-Jul-10		218	Ooldea Range	Cu, Ni, Pb, Zn	In Application
	ELA234/10	28-Jul-10		340	Mulga Wells	Au, Co, U	In Application
	ELA239/10	4-Aug-10		992	Mulgaria	U	In Application
	ELA-252/10	18-Aug-10		218	Willouran Ranges	U	In Application
	ELA-259/10	25-Aug-10		969	Willouran Ranges	U	In Application
	ELA-260/10	25-Aug-10		690	Willouran Ranges	U	In Application
	ELA-261/10	25-Aug-10		753	Willouran Ranges	U	In Application
	ELA373/10	13-Dec-10		526	Cadney Park	Cu, Ni, Pb, Zn	In Application
Summary				10,648		Fe, Au, Cu, Ni, Au, Pb, Zn, Mn, Co, U	



4. Investment in Athena Resources Limited

On 1st March 2010, the Company signed an agreement with Athena Resources Limited ("Athena") to take up a strategic position in Athena for up to 19.9% of Athena.

On 16th April 2010, the Company invested \$1,037,500 for 8,300,000 Fully Paid Ordinary Shares at 12 cents per share with 4,150,000 Options exercisable at 8 cents expiring on 30th April 2012 at 1 cent per option as part of Tranche 1 of the agreement.

Subject to exercising its Option at any time before 5.00(WST) on 31st October 2010, the Company could further increase its stake under Tranche 2 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 30th April 2012 at 1 cent per option.

The Directors of Ishine decided at the end of October 2010 not to proceed with investing further into Athena under Tranche 2. However, the Company will remain as a shareholder of Athena with 7.98% of Athena as of 28th February 2011.

Competent Persons Statement

The technical information relating to Ishine's exploration projects was compiled by Mr Martin Dormer, who is a member of the Australian Institute of Mining and Metallurgy, and a full time employee of Ishine International Resources Ltd. Mr Dormer has sufficient relevant experience in the techniques being reported and styles of mineralisation and types of deposit under consideration, and in the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code), and consents to the inclusion of the information in the form and context in which it appears.

RESULTS OF OPERATIONS

The Company has made a loss from continuing operations after income tax of \$1,522,344 for the half-year ended 31 December 2010 (period from 18 September 2009 to 31 December 2009: \$236,418).

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor's, Deloitte Touche Tohmatsu, which is included on page 9.

Signed in accordance with a resolution of the directors

CAIGEN WANG
Managing Director
Dated: 15 March 2011



Deloitte.

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The Board of Directors
Ishine International Resources Limited
Level Mezzanine
35-37 Havelock Street
WEST PERTH WA 6005

15 March 2011

Dear Board Members

Ishine International Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Ishine International Resources Limited.

As lead audit partner for the review of the financial statements of Ishine International Resources Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

A handwritten signature in blue ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

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

Chris Nicoloff
Partner
Chartered Accountants

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2010

	Note	Half-year ended 31 December 2010 \$	Period from 18 September 2009 to 31 December 2009 \$
Revenue	4	18,333	-
Other income		1,950	-
Gain on fair value of derivative		28,673	-
Share based payments expense		(187,686)	(1,247)
Share of loss of associate	8	(124,923)	-
Depreciation expense		(15,920)	(2,020)
Other expenses	5	(1,242,771)	(233,151)
Loss before income tax		(1,522,344)	(236,418)
Income tax expense		-	-
Loss from continuing operations after income tax		(1,522,344)	(236,418)
Other comprehensive income		-	-
Total comprehensive income for the period		-	-
Earnings per share (cents per share)			
- basic and diluted loss per share for the half-year		(1.75)	(3.86)

The accompanying notes form the part of these financial statements.



CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	31 December 2010 \$	30 June 2010 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	3,028,343	4,112,135
Trade and other receivables		83,687	79,122
Total Current Assets		3,112,030	4,191,257
Non-Current Assets			
Investment in associate	8	603,507	728,430
Other financial assets	9	188,410	159,737
Property, plant and equipment		128,429	133,590
Deferred exploration and evaluation expenditure	7	1,226,106	1,226,106
Total Non-Current assets		2,146,452	2,247,863
TOTAL ASSETS		5,258,482	6,439,120
LIABILITIES			
Current liabilities			
Trade and other payables		230,163	96,143
Total Current Liabilities		230,163	96,143
TOTAL LIABILITIES		230,163	96,143
NET ASSETS		5,028,319	6,342,977
EQUITY			
Contributed equity	12	6,839,952	6,669,952
Share based payments reserve		833,839	796,153
Accumulated losses		(2,645,472)	(1,123,128)
TOTAL EQUITY		5,028,319	6,342,977

The accompanying notes form the part of these financial statements.

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CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2010

	Note	Half-year ended 31 December 2010 \$	Period from 18 September 2009 to 31 December 2009 \$
Cash flows from operating activities			
Receipts from services rendered		33,816	-
Payments to suppliers and employees		(364,388)	(125,186)
Payments for exploration activities		(764,411)	-
Interest received		1,950	-
Net cash flows from/(used in) operating activities		(1,093,033)	(125,186)
Cash flows from investing activities			
Payments for tenement acquisition		-	(450,000)
Payments for fixed assets		(10,759)	(108,301)
Loans from related party		-	190,000
Net cash flows from/(used in) investing activities		(10,759)	(368,301)
Cash flows from financing activities			
Proceeds from issue of shares		20,000	6,900,000
Capital raising costs		-	(233,082)
Net cash flows from/(used in) financing activities		20,000	6,666,918
Net increase/(decrease) in cash and cash equivalents		(1,083,792)	6,173,431
Cash and cash equivalents at beginning of period		4,112,135	-
Cash and cash equivalents at end of period	6	3,028,343	6,173,431

The accompanying notes form the part of these financial statements.



CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2010

	Issued Capital	Share Based Payments Reserve	Retained earnings	Total equity
	\$	\$	\$	\$
At 1 July 2010	6,669,952	796,153	(1,123,128)	6,342,977
Loss for the period	-	-	(1,522,344)	(1,522,344)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(1,522,344)	(1,522,344)
Issue of shares	20,000	-	-	20,000
Share-based payments	150,000	37,686	-	187,686
At 31 December 2010	6,839,952	833,839	(2,645,472)	5,028,319
Opening Balance as at 18 September 2009	-	-	-	-
Loss for the period	-	-	(236,418)	(236,418)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(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)
At 31 December 2009	6,666,918	777,352	(236,418)	7,207,852

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



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Ishine International Resources Limited (the Company) for the half year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 15 March 2011.

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

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. Compliance with *AASB 134* ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except where stated. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian Dollars, unless otherwise noted.

The accounting policies and methods adopted in the presentation of the half year financial report are consistent with those adopted and disclosed in the Company's 2010 annual financial report for the financial year ended 30 June 2010. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

New and revised Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Company for the half year ended 31 December 2010 include:

New or Revised Requirement	Effective for annual reporting periods beginning on or after
<i>AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9</i>	1 January 2013
<i>AASB 124 Related Party Disclosures (2009), AASB 2009-12 Amendments to Australian Accounting Standards</i>	1 January 2011



NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONT')

AASB 1053 <i>Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	1 July 2013
AASB 2009-14 <i>Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement</i>	1 January 2011
AASB 2010-4 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 January 2011
AASB 2010-5 <i>Amendments to Australian Accounting Standards</i>	1 January 2011
Disclosures – <i>Transfers of Financial Assets (Amendments to IFRS 7 Financial Instruments: Disclosures)</i>	1 July 2011
<i>Additions to IFRS 9 for financial liability accounting</i>	1 January 2013
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i>	1 July 2011
IFRS 9 <i>Financial Instruments</i> (October 2010)	1 January 2013

3. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the company's board of directors for the purposes of resource allocation and assessment of performance is more specifically focused on mineral exploration. The company's reportable segments under AASB 8 are therefore as follows:

	Mineral Exploration \$	Corporate and administrative \$	Company \$
31 December 2010			
Segment revenue	-	18,333	<u>18,333</u>
Total revenue			<u>18,333</u>
Segment result	(748,926)	(773,418)	<u>(1,522,344)</u>
Loss before related income tax expense			<u>(1,522,344)</u>
Segment assets	1,226,106	4,032,376	<u>5,258,482</u>
Segment liabilities	141,871	88,292	<u>230,163</u>



NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONT')

	Mineral Exploration \$	Corporate and administrative \$	Company \$
31 December 2009			
Segment revenue	-	-	-
Total revenue			<u>-</u>
Segment result	-	(236,418)	(236,418)
Loss before related income tax expense			<u>(236,418)</u>
Segment assets	1,226,106	6,307,492	<u>7,533,598</u>
Segment liabilities	1,650	324,095	<u>325,745</u>

4. REVENUE

	31 December 2010 \$	31 December 2009 \$
Directorship revenue (Athena)	<u>18,333</u>	<u>-</u>

5. OTHER EXPENSES

	31 December 2010 \$	31 December 2009 \$
<i>Other expenses</i>		
Consulting fees	-	6,746
Travel expenses	20,614	55,080
Exploration expenses	748,926	-
Administration expenses	473,231	171,325
	<u>1,242,771</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:

	31 December 2010 \$	31 December 2009 \$
Cash at bank and in hand	<u>3,028,343</u>	<u>6,173,431</u>
	<u>3,028,343</u>	<u>6,173,431</u>



NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONT')

7. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

		<i>31 December 2010 \$</i>	<i>30 June 2010 \$</i>
Cost of tenement acquisition	(i)	1,226,106	1,226,106
		<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. No payment is required to acquire a 70% interest in Falcon Ridge.

8. INVESTMENT IN ASSOCIATE

Details of the Company's associate are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership Interest and voting power held	
			1 July 2010 till 29 November 2010	30 November 2010 till 31 December 2010
			%	%
Athena Resources Ltd	Mineral Exploration	Australia	12.7	11.0

Athena Resources Ltd

On 15 April 2010, the Company invested \$1,037,500 in Athena Resources Limited ('Athena') 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.

On completion of the Tranche 1 investment, Dr Caigen Wang was nominated as a non-executive director of Athena.

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



NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONT')

The Directors of Ishine have decided not to proceed with investing further into Athena under Tranche 2. However, the Company will remain as a shareholder of Athena and potentially increase its holdings by exercising the 4,150,000 Options at 8 cents each on or before 30 April 2012.

Although the Company holds less than 20% of the equity shares of Athena, and less than 20% of the voting power in shareholder meetings, the Company demonstrates significant influence by the representation of Dr Caigen Wang on the board of directors.

Summarised financial information in respect of the Company's associate is set out below:

Athena Resources Limited	\$
Per half-year financial report	
Total Revenue	9,505
Net Profits/ (Loss) for the period	<u>(330,167)</u>
Fair value of acquisition of investment in Athena	740,258
Share of loss of associate 30 June 2010	<u>(11,828)</u>
Carrying value of investment in Athena as at 30 June 2010	728,430
Share of loss of associate 31 December 2010*	<u>(124,923)</u>
Carrying value of investment in Athena as at 31 December 2010	<u>603,507</u>

* after adjusting for share of capitalised exploration in Athena that should be expensed in accordance to Ishine's policy.

9. OTHER FINANCIAL ASSETS

	<i>31 December</i>
	<i>2010</i>
	\$
Financial assets carried at fair value through profit and loss (FVTPL)	
Athena Tranche 1 Options (i)	188,410
Athena Tranche 2 Package (ii)	<u>-</u>
	<u>188,410</u>

(i) Tranche 1: 4,150,000 Options exercisable at 8 cents expiring on 30 April 2012 at 1 cent per option.
(ii) Tranche 2: Subject to exercising its Option (Tranche 2) at anytime before 5.00pm (WST) on 31 October 2010, the Company 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 exercisable at 8 cents expiring on 30 April 2012 at 1 cent per option. The Directors of Ishine have decided not to proceed with investing further into Athena under Tranche 2.

10. SHARE BASED PAYMENT PLANS

On 25 August 2010, the Company issued 200,000 Unlisted Options to Martin Dormer, the Chief Geologist of Ishine, as part of his remuneration package. The options are exercisable at 30 cents each expiring 31 December 2012. These options have no vesting conditions.

On 9 December 2010, the Company issued 500,000 fully paid ordinary shares to Dr Caigen Wang, the Managing Director of Ishine, as part of the terms and conditions of his Service Agreement. The shares



NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONT')

were issued pursuant to resolution approved by shareholders at the Annual General Meeting held on 23 November 2010. The shares issued are subject to a voluntary escrow for a period of 12 months.

The fair value of the options granted during the period 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 \$19,820.

The following table lists the inputs to the model used for the period ended 31 December 2010:

<u>No. of options</u>	<u>200,000</u>
<i>Share price</i>	\$0.295
<i>Exercise price</i>	\$0.30
<i>Risk-free Interest rate</i>	4.50%
<i>Expiry date</i>	31 December 2012
<i>Volatility</i>	50%
<i>Value per option</i>	\$0.0991

On 2 November 2010, 100,000 options with exercise price of 20 cents expiring 29 March 2013 were exercised.

11. COMMITMENTS AND CONTINGENCIES

(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 of joint venture agreements amended.

The existing tenement commitments are as follows;

	<i>31 December 2010</i>
	\$
0 to 1 year	1,031,425
1 to 3 years	1,538,762
3 to 5 years	920,830
Greater than 5 years	-
	<u>3,491,017</u>



NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONT')

(b) Lease agreement

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 2010</i>
	\$
0 to 1 year	110,713
1 to 3 years	133,778
	<u>244,491</u>

(c) Company secretarial service

The Company entered into an agreement with GDA Corporate for the provision of corporate advisory on 17 December 2009. According to the engagement letter, a 90-day notice will have to be provided if either party terminates the service agreement. The commitments in relation to the 90-day notice is as follows:

	\$
Company secretarial fees for 90 days	8,867
	<u>8,867</u>

The Directors are not aware of any contingent liabilities as at 31 December 2010.

12. CONTRIBUTED EQUITY

(a) Share Capital

	<i>31 December 2010</i>	<i>31 December 2010</i>
	Number	\$
Ordinary fully paid shares	87,300,000	6,839,952

(d) Movement in ordinary shares on issue

	Number	\$
At 1 July 2010	86,700,000	6,669,952
100,000 options exercised	100,000	20,000
500,000 shares allotted to Caigen Wang pursuant to resolution approved by shareholders at AGM	500,000	150,000
At 31 December 2010	87,300,000	6,839,952



NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONT')

13. EVENTS AFTER THE BALANCE SHEET DATE

No other matter or other circumstance has arisen since 31 December 2010, which has significantly affected, or may significantly affect the operations of the entity, the result of those operations, or the state of affairs of the entity for the half-year ended 31 December 2010.



DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

CAIGEN WANG
Managing Director

Perth, 15 March 2011



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Independent Auditor's Review Report to the members of Ishine International Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ishine International Resources Limited, which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, 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 of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

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 Interim and Other Financial Reports 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Ishine International Resources Limited's financial position as at 31 December 2010 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 Limited, 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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ishine International Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Deloitte.

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 Limited 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 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Chris Nicoloff
Partner
Chartered Accountants
Perth, 15 March 2011