



# Ishine International Resources Limited

ABN 64 139 522 553

Interim Financial Report  
For the Half-Year ended  
30 June 2015



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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2014 and any public announcements made by Ishine International Resources Limited ("The Company") during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.



## **DIRECTORS' REPORT**

Your directors present their report on the Company for the half-year ended 30 June 2015.

### **DIRECTORS**

The following persons were directors of Ishine International Resources Limited during the whole of the half-year and up to the date of this report:

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

### **EXECUTIVES**

Mr Chuanshui Yin	Chief Executive Officer
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No directors of Ishine International Resources Limited have resigned during the half-year.

### **PRINCIPAL ACTIVITIES**

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



**REVIEW OF OPERATIONS**

**Exploration**

**Southern Cross Project**

During the half year, the Inner Mongolia Institute of Survey for Geology & Mineral Resources Exploration has completed a drilling program on tenements E37/1073 and E77/1786 in the Southern Cross Project, the drilling results will be released as soon as they are ready.

***Location of the Project***

Tenement E37/1073 is located approximately 55km northeast of Leonora and 70km west-northwest of Laverton. Tenement E77/1786 is located approximately 65km SW of Southern Cross, 35km SE of Burracoppin, and 20km east of the town of Muntadgin in the West Australia Wheat Belt.

***Drilling Program***

Three RC drill holes will be drilled on E37/1073 with a total depth of 750m. One RC drill hole will be drilled on E77/1786 with a total depth of 250m. Refer tables below for details of the drill holes location.

E37/1073 Drill Hole Location					
Drill Hole ID	Northing	Easting	Azimuth(°)	Dip(°)	Depth(m)
1073-ZK01	6851343	369831	80	70	250
1073-ZK02	6846971	372950	80	70	250
1073-ZK03	6846191	372963	80	70	250

***Table 1: Drilling details for E37/1073***

E77/1786 Drill Hole Location					
Drill Hole ID	Northing	Easting	Azimuth(°)	Dip(°)	Depth(m)
1786-ZK01	6486540	673629	90	90	250

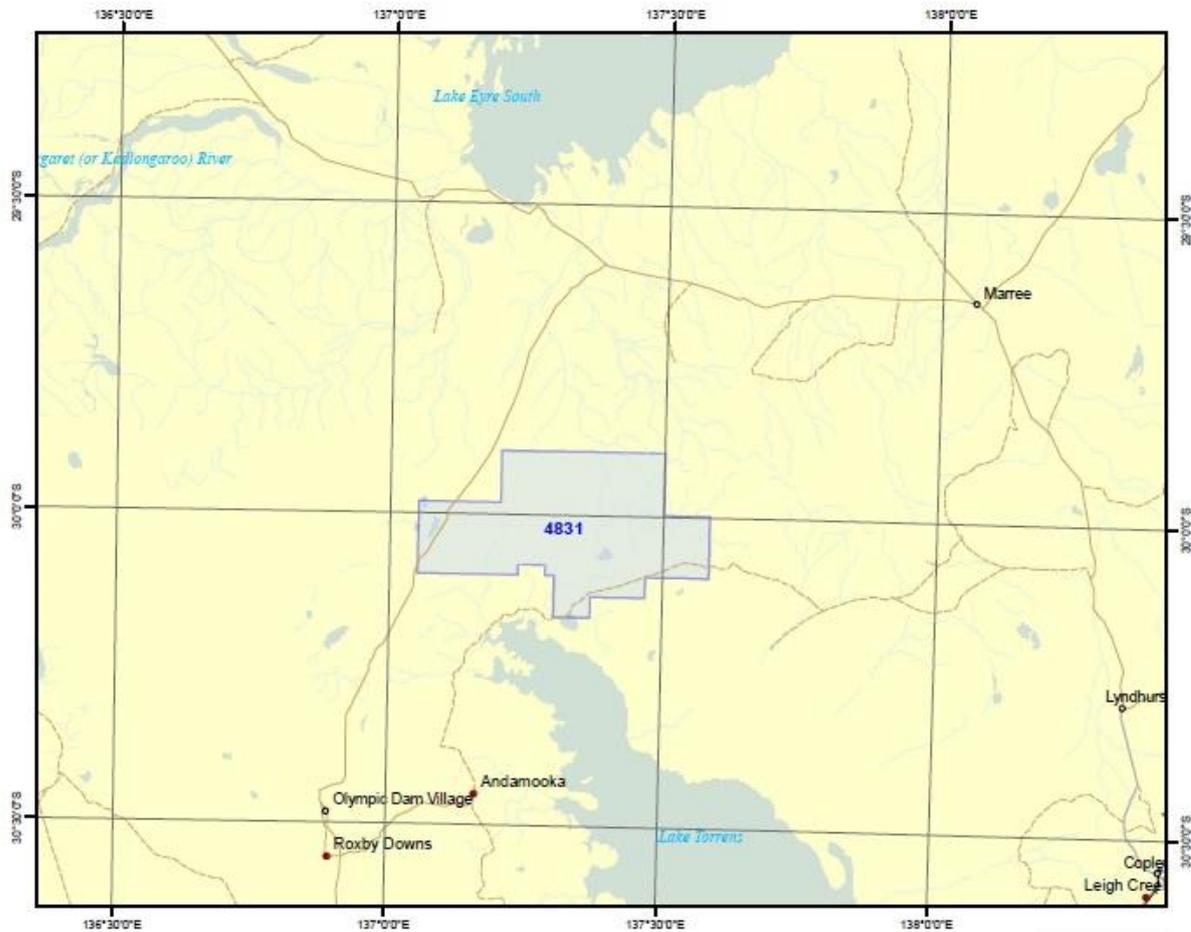
***Table 2: Drilling details for E77/1786***



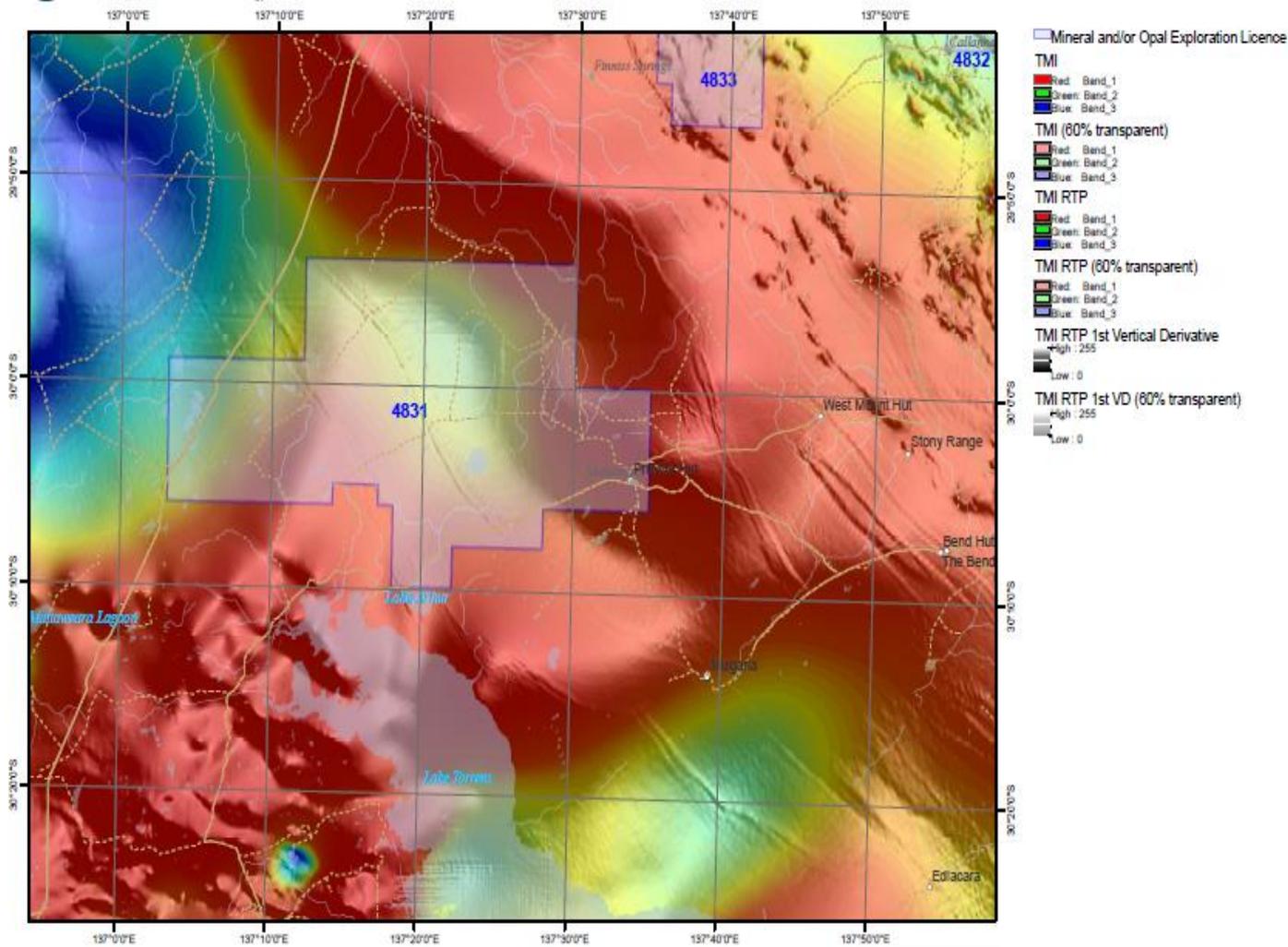
**Mulgaria Project**

Mulgaria Project is located in the Mulgaria area - approx. 85km WSW of Marree (Figure 1). Geologists have conducted a site inspection on the exploration license area. Based on the field reconnaissance and SARIG magnetic images, a decision has been made to focus on the magnetic anomaly area (Figure 2) located in far right of EL 4831.

A magnetic survey for field data collecting has been completed. The geologist team will review all the collecting data and create the anomalous magnetic images. Other exploration activities including field mapping and soil sampling is in progress, conducted by our exploration team.



**Figure 1 Tenement EL4831 location**



**Figure 2 Magnetic Images from SARIG**

**Glendambo Project**

Ishine’s joint venture partner, Inner Mongolia One Geological Mineral Resources Exploration Development Co. Ltd has commenced exploration on Ishine’s Glendambo Project tenement EL4830 in South Australia.

Glendambo Project is located in Mulga Well area, approx. 110km East of Tarcoola (Figure 3). A site inspection has been conducted by geologists on the license area. Based on the field reconnaissance and SARIG magnetic images, the decision was made to focus on the magnetic anomaly area (Figure 4) located at the centre of Glendambo Project in EL 4830. A magnetic survey has been planned. Other exploration activities including field mapping and soil sampling are being conducted.

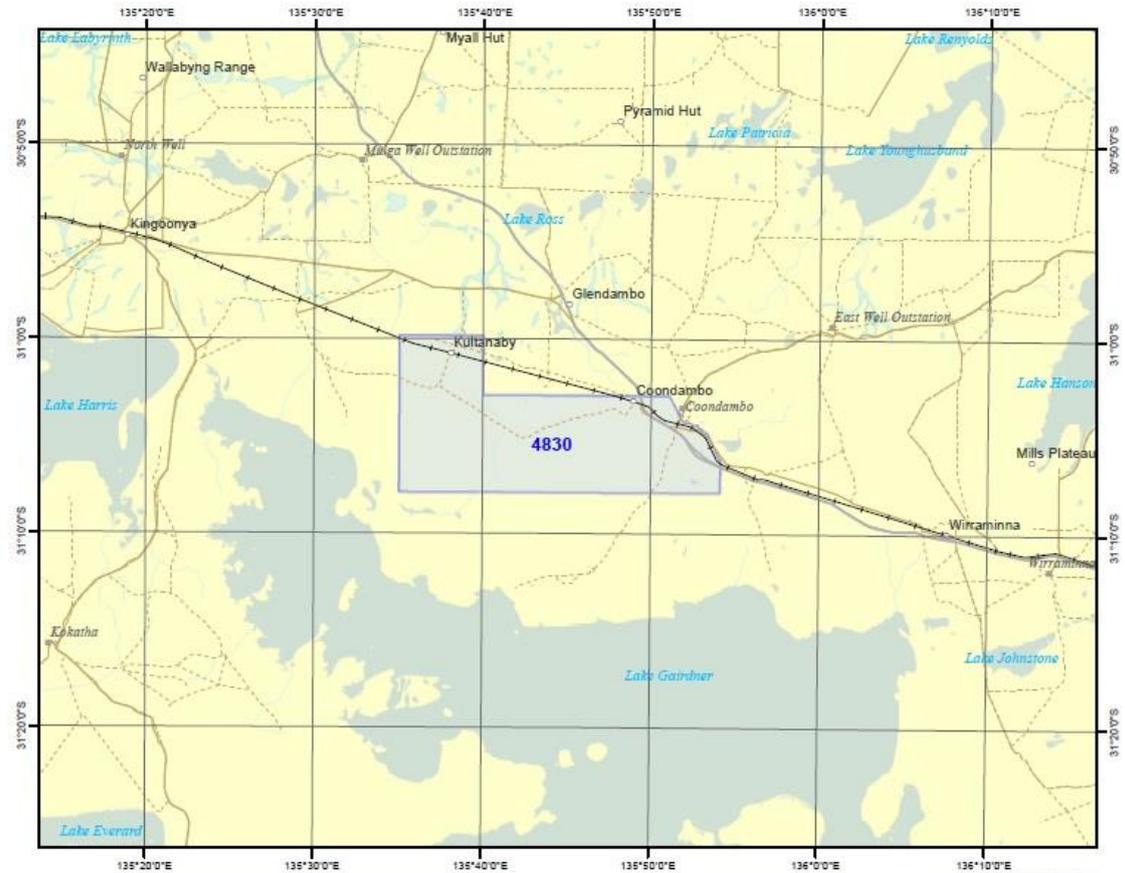


Figure 3 Location of Tenement EL4830

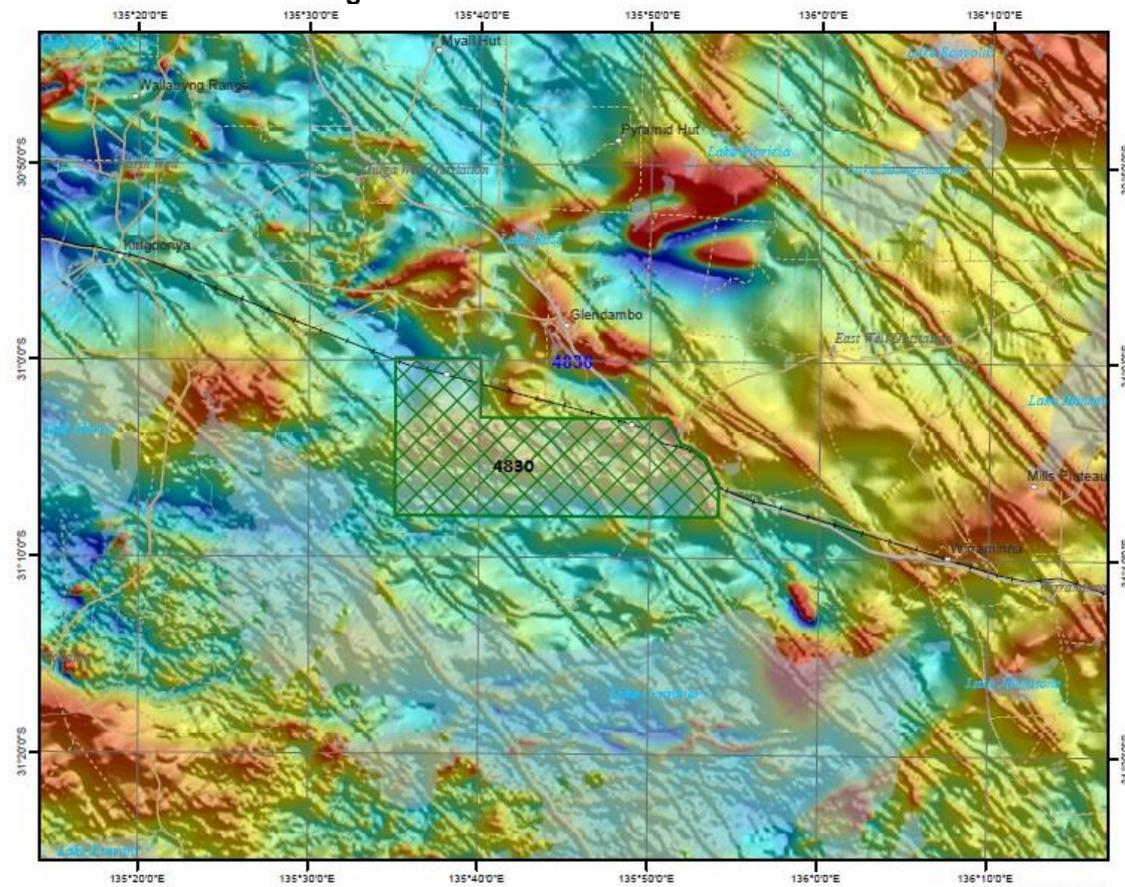


Figure 4 Magnetic Images from SARIG



**Tenement Surrendered E70/3880 and EL4833**

The management of Ishine made the decision to surrender South Australia exploration license EL4833 due to limited ultramafic stratigraphy and limited hosted rock. Western Australia exploration tenement E70/3880 has been surrendered due to disappointing drilling results and the cessation of funding from investors.

**Tenement Information**

State	Licence Number	Status	Locality
WA	E 80/4478	100% Ishine	HALLS CREEK
	E 80/4450	100% Ishine	HALLS CREEK
	E 77/1786	100% Ishine	MERREDIN, NAREMBEEN AND YILGARN
	E 37/1073	100% Ishine	LAVERTON
	E 39/1582	100% Ishine	LAVERTON
	E 37/1074	100% Ishine	LAVERTON
	E80/4619	100% Ishine	HALLS CREEK
SA	EL4830	100% Ishine	MULGA WELLS, SA
	EL4831	100% Ishine	MULGARIA, NORTH OF OLYMPIC DAM
<b>SUMMARY</b>	<b>9 Tenements</b>		<b>WA and SA</b>



**RESULTS OF OPERATIONS**

The Company made a loss from continuing operations after income tax of \$174,039 for the half-year ended 30 June 2015 (30 June 2014: loss of \$255,513).

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

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

Mr Yunde Li  
Chairman  
Perth, Western Australia  
27 August 2015



## Auditor's Independence Declaration

As lead auditor for the review of Ishine International Resources Limited for the half-year ended 30 June 2015, 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.

A handwritten signature in blue ink, appearing to read 'Ben Gargett', is written over a faint, larger version of the same signature.

Ben Gargett  
Partner  
PricewaterhouseCoopers

Perth  
27 August 2015



**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE HALF-YEAR ENDED 30 JUNE 2015**

	Notes	6 months ended 30 June 2015 \$	6 months ended 30 June 2014 \$
Revenue	3	64	81,931
Other Income	3	257,090	380,293
Depreciation expense		(3,463)	(12,290)
Tenement and exploration expenses		(166,314)	(388,766)
Impairment of financial assets		(8,300)	-
Accounting and audit fees		(26,311)	(29,168)
Occupancy expenses		(18,000)	(68,855)
Administrative expenses		(19,364)	(26,467)
Employee benefit expenses		(163,456)	(181,001)
Other expenses		(25,985)	(11,190)
<b>LOSS BEFORE INCOME TAX</b>		<b>(174,039)</b>	<b>(255,513)</b>
Income tax expense		-	-
<b>LOSS FOR THE PERIOD</b>		<b>(174,039)</b>	<b>(255,513)</b>
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF ISHINE INTERNATIONAL RESOURCES LIMITED</b>		<b>(174,039)</b>	<b>(255,513)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(174,039)</b>	<b>(255,513)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF ISHINE INTERNATIONAL RESOURCES LIMITED</b>		<b>(174,039)</b>	<b>(255,513)</b>
Basic and diluted loss per share (cents per share)		(0.19)	(0.28)

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	30 June 2015 \$	31 December 2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		189,032	254,013
Trade and other receivables		26,898	30,316
<b>TOTAL CURRENT ASSETS</b>		<b>215,930</b>	<b>284,329</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	4	74,700	83,000
Property, plant and equipment		6,366	9,829
<b>TOTAL NON-CURRENT ASSETS</b>		<b>81,066</b>	<b>92,829</b>
<b>TOTAL ASSETS</b>		<b>296,996</b>	<b>377,158</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		110,611	134,712
Related party borrowing		106,978	-
Unearned Revenue		17,089	17,089
<b>TOTAL CURRENT LIABILITIES</b>		<b>234,678</b>	<b>151,801</b>
<b>TOTAL LIABILITIES</b>		<b>234,678</b>	<b>151,801</b>
<b>NET ASSETS</b>		<b>62,318</b>	<b>225,357</b>
<b>EQUITY</b>			
Contributed equity		7,621,235	7,621,235
Reserves	6	1,106,749	1,095,749
Accumulated losses		(8,665,666)	(8,491,627)
<b>TOTAL EQUITY</b>		<b>62,318</b>	<b>225,357</b>

The above statement of financial position should be read in conjunction with the accompanying notes.



STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Contributed Equity \$	Accumulated Losses \$	Share Based Payments Reserve \$	Investment Revaluation Reserve \$	Total \$
<b>Balance as at 1 January 2015</b>	7,621,235	(8,491,627)	1,095,749	-	225,357
Loss for the half-year	-	(174,039)	-	-	(174,039)
<b>Total comprehensive loss for the half-year</b>	-	(174,039)	-	-	(174,039)
<b>Transactions with owners in their capacity as owners</b>					
Share based payments	-	-	11,000	-	11,000
<b>Balance as at 30 June 2015</b>	7,621,235	(8,665,666)	1,106,749	-	62,318

	Contributed Equity \$	Accumulated Losses \$	Share Based Payments Reserve \$	Investment Revaluation Reserve \$	Total \$
<b>Balance as at 1 January 2014</b>	7,621,235	(7,125,701)	1,040,749	16,600	1,552,883
Loss for the half-year	-	(255,513)	-	-	(255,513)
<b>Total comprehensive loss for the half-year</b>	-	(255,513)	-	-	(255,513)
<b>Transactions with owners in their capacity as owners</b>					
Share based payments	-	-	27,500	-	27,500
<b>Balance as at 30 June 2014</b>	7,621,235	(7,381,214)	1,068,249	16,600	1,324,870

The above statement of changes in equity should be read in conjunction with the accompanying notes.



**STATEMENT OF CASH FLOWS**

**FOR THE HALF-YEAR ENDED 30 JUNE 2015**

	<b>Company</b>	
	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30 June</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>
<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from JV Partners (incl.GST)	259,494	505,075
Payments to suppliers and employees (incl.GST)	(234,894)	(260,324)
Interest received	64	1,632
Payments for exploration activities (incl.GST)	(196,623)	(404,304)
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(171,959)</b>	<b>(157,921)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-	-
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan from related party	106,978	-
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>106,978</b>	<b>-</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(64,981)</b>	<b>(157,921)</b>
Cash and cash equivalents at the beginning of the half-year	254,013	535,653
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>189,032</b>	<b>377,732</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.



## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. BASIS OF PREPARATION OF HALF-YEAR REPORT**

The interim financial report of Ishine International Resources Limited (“the Company”) for the half-year reporting period ended 30 June 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and *the Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the period ended 31 December 2014 and any public announcements made by Ishine International Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise noted below:

#### **(a) Going Concern**

For the half-year ended 30 June 2015, the Company incurred a loss after tax of \$174,039 (6 months ended 30 June 2014: \$255,513 loss) and had net cash outflows from operating activities of \$171,959 (6 month ended 30 June 2014: \$157,921). The Company also had a working capital deficiency of \$18,748 at 30 June 2015 (31 December 2014: positive working capital of \$132,528). The Company has forecast that it will require additional funding to meet its future obligations as the Company is expected to be in a cash deficit position by February 2016. Settlement of the Company’s obligations, including minimum exploration expenditure commitments on its tenements and corporate costs, as and when they fall due will require the company to be successful in obtaining additional financing. The options management are currently considering include raising funds from existing shareholders, raising equity from new shareholders and entering into joint venture arrangements with new joint arrangement partners.

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

Further, China Zhongsheng Resources Holdings Limited has injected \$121,012 subsequent to half-year end 30 June 2015 to Ishine through a loan, and has committed in writing to continue to provide the required capital every three months, based on the Company’s current cash flow forecast, to enable Ishine to continue as a going concern.

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



***(b) Impact of standards issued but not yet applied by the entity***

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not yet been applied in the financial statements. The Company's assessment of the impact of these new standards and interpretations is set out below.

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

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

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

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

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

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

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

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

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

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

## **2. SEGMENT INFORMATION**

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.



**3. REVENUE AND OTHER INCOME**

	6 months ended 30 June 2015 \$	6 months ended 30 June 2014 \$
<i>Revenue</i>		
Exploration management services income	-	78,867
Interest Income	64	3,064
	64	81,931
<i>Other Income</i>		
Refunds from Joint Venture Partners	247,090	380,293
Vehicle rental income	10,000	-
	257,090	380,293

**4. OTHER FINANCIAL ASSETS**

***Available for sale financial asset carried at fair value***

**30 June 2015**

*Listed securities – Shares*

Opening balance	83,000
AFS fair value movement	-
Impairment write off	(8,300)
Closing Balance	74,700

**5. COMMITMENTS AND CONTINGENCIES**

There were no new capital commitments other than those that existed as at 31 December 2014 that the Company has entered into during the period under review.

There are no contingent liabilities as at 30 June 2015 (31 December 2014: None).

**6. RESERVES**

**(a) Reserves**

**30 June 2015**

*Share-based payments reserve*

Balance at the beginning of the period	1,095,749
Share based payment expense	11,000
Balance at the end of the period	1,106,749

*Investment revaluation reserve*

Balance at the beginning of the period	-
Change in investment revaluation reserve	-
Balance at the end of the period	-



**(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.

**7. DIVIDENDS**

No dividends were paid during the review period half-year (31 December 2014: None). No recommendation for payment of dividends has been made (31 December 2014: None).

**8. RELATED PARTY TRANSACTIONS**

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

Naiming (James) Li is the director and beneficiary of Pacway Investments Pty Ltd which is eligible to receive directors fees of \$27,000 for the half-year ended 30 June 2015, amongst which \$13,500 was received and further \$13,500 has been accrued to be paid upon a successful fund raising for the year ending 31 December 2015 from Ishine (30 June 2014: \$18,900).

Mark Muzzin is a partner of the partnership M & C Muzzin which is eligible to receive directors fees of \$27,000 for the half-year ended 30 June 2015, amongst which \$15,750 was received and further \$11,250 has been accrued to be paid upon a successful fund raising for the year ended 31 December 2015 from Ishine (30 June 2014: \$20,250).

Leonard Math is an employee of GDA Corporate. GDA Corporate has two services contracts with Ishine International Resources Ltd both signed on 20 December 2009. The company secretarial services agreement has a 3 months' notice period. Upon board review the fees for both services are \$1,750 per month each in the half-year ended 30 June 2015. The fees paid include company secretarial and accounting fees total of \$23,350 for the half-year ended 30 June 2015 from Ishine (30 June 2014: \$29,400).

**9. EVENTS AFTER THE BALANCE SHEET DATE**

No other matter or other circumstance has arisen since 30 June 2015, which has significantly affected, or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity for the half-year ended 30 June 2015.



**DIRECTORS' DECLARATION**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 11 to 18 are in accordance with Corporations Act 2001, including:
  - (i) complying with Accounting Standards, *the Corporations Regulations 2001* and other mandatory professional requirements, and
  - (ii) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that Ishine International Resources Limited will be able to pay its debts and when they become due and payable.

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

Mr Yunde Li  
Chairman  
Perth, Western Australia  
27 August 2015



## **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 (the company), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows 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 (including the Australian Accounting Interpretations) 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 Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 entity's financial position as at 30 June 2015 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.

### ***Independence***

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



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

### *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 entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Ben Gargett', is written over the printed name.

Ben Gargett  
Partner

Perth  
27 August 2015