



Date: 18th January 2012

QUARTERLY ACTIVITIES REPORT ENDING 31 December 2011

HIGHLIGHTS

- Chinese partner (IGME) for Mt Watson Copper Project planning RC drilling program to commence in the next quarter
- Field reconnaissance conducted in the Company's Capricorn Project in the Gascoyne
- Further three exploration licences in WA were granted

1. MT WATSON (ISH 49%, KABIRI 51%)

During the quarter, the 8th Institute of Geology and Mineral Exploration ("IGME"), who farmed into Ishine's interest in the Mt Watson Copper Project in Queensland, planned a round of RC drilling scheduled for the next quarter.

Following the current wet season, IGME has designed a program of 8 to 10 RC drill holes targeting VTEM anomalies, generated by Ishine during 2010, and following up anomalous copper intersections in drilling previously reported by Ishine in February 2011.

This drilling predominantly occurred 5km to the south west and along strike of The Mt Watson Copper Deposit (8.01Mt @ 0.9% Cu). (Fig. 1) Intersections included:

- 90m @ 0.21% Cu from 18m including 2m @ 0.73% Cu from 36m, and 8m @ 0.40% Cu from 46m in MWRC007
- 2m @ 214ppm Cu from 106m in MWRC003 (end of hole anomaly)
- 46m @ 356ppm Cu from surface in MWRC004
- 16m @ 218ppm Cu from surface in MWRC005
- 6m @ 230ppm Cu from 106m in MWRC008
- 22m @ 538ppm Cu from 8m in MWRC009
- 20m @ 296ppm Cu from 36m in MWRC009

Final preparations are currently in process including planning for heritage surveying of drill sites, local pastoralist liaison and negotiation with local drilling contractors. By the wet seasons end the program will be ready to commence.

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The Heads of Agreement with The 8th Institute

In early September 2011, the Company signed a Heads of Agreement ("HoA") with The 8th Institute of Geology and Mineral Exploration ("IGME") in respect to copper exploration in the Mt Watson Project in north-west Queensland. IGME will spend up to \$1.7M to earn up to a 51% interest in this project.

Following IGME's site visit, project due diligence and Chinese government approval, the Company and IGME has signed a farm-in agreement to allow IGME to earn an interest in this copper project with the key terms and conditions summarised below:

- **IGME will pay Ishine \$300,000 within 3 months of the effect date of the agreement.**
- **IGME will spend not less than \$300,000 within the first 12 months for exploration in the Mt Watson project (two tenements).**
- **IGME will earn a 30% interest in the project if the above two requirements are met in the first 12 months.**
- **IGME cannot pull out within the first 12 months. If IGME terminates the agreement after 12 months, its interest will be reduced to 20%.**
- **IGME will pay Ishine \$250,000 within the first 3 months of the second year**
- **IGME will spend not less than \$300,000 within the second 12 months for exploration in the Mt Watson project (two tenements).**
- **IGME will earn a 51% interest in the project if its cash payment and exploration expenditure accumulate to \$1.7 million.**
- **Once IGME earns a 51% interest from Ishine, further investment into this project will be made by both Ishine and IGME on a pro-rata basis.**

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

Ishine has continued its focus on expanding the Company's exploration portfolio by acquiring quality tenements and continues to explore its current projects. The involvement of IGME in Ishine's Mt Watson copper project enhances the Company's technical and financial resources required to fast track the exploration and mineral resource definition of this highly prospective copper project. More importantly, IGME's participation has paved a way for securing the follow-up funds required for future project development.

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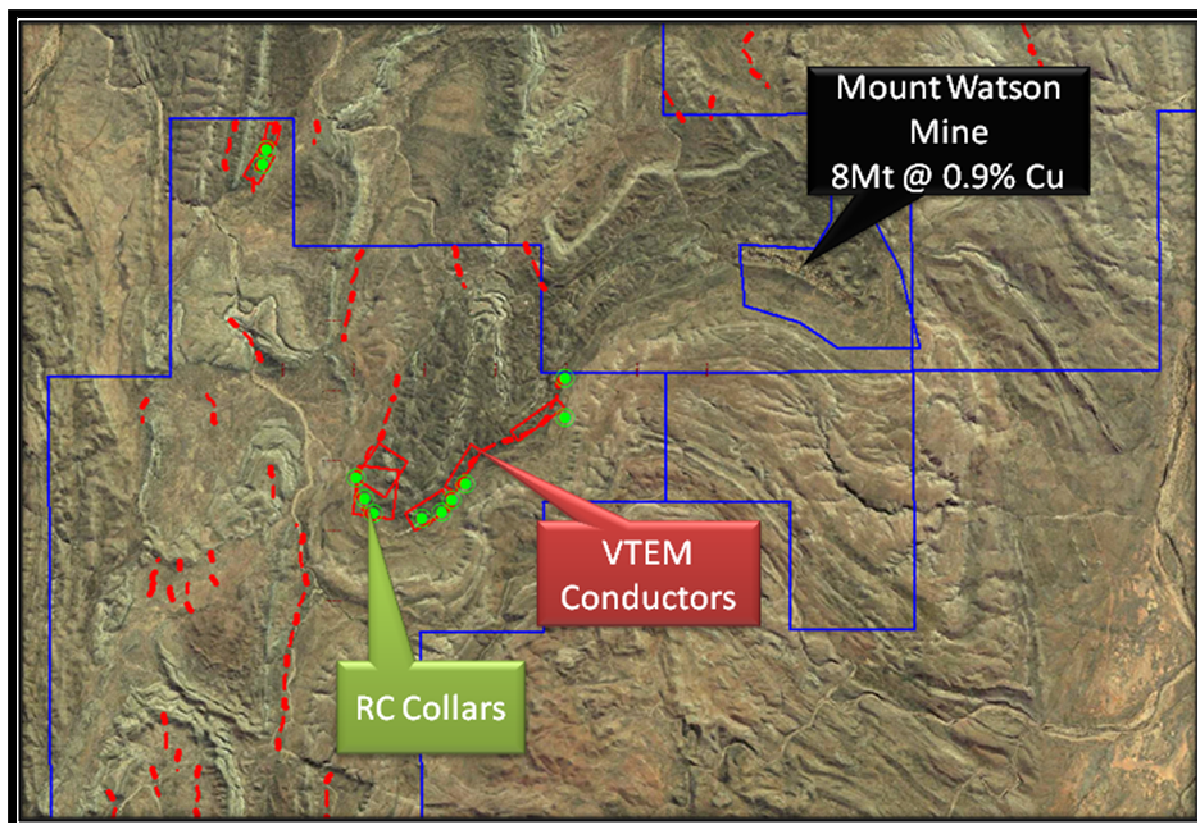


Figure 1 Mt Watson VTEM anomaly axis and RC collars drilled by Ishine during 2010



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Mt Watson Project Background

The Mount Watson Project is a Joint Venture with Kabiri Resources with Ishine earning up to a 70% interest through exploration expenditure of up to \$800,000 over 42 months. The project is comprised of two exploration licence EPM15933 and EPM15986, situated approximately 120km north of Mt Isa in northwest Queensland. Up to the 31st March 2011 Ishine had earned a 49% undivided interest in this Project.

The Mount Watson Project occurs on the Western Succession of the Mt Isa Inlier and is considered prospective for copper. The project area is adjacent to the nearby Mt Watson Copper Mine, which was originally operated by Matrix Metals Ltd before being taken over by Cape Lambert Resources Limited in August 2010. When in operation the Mt Watson Mine produced 8.08 million tonnes at an average grade of 0.9%. There are a number of other significant historic copper mines and prospects within the area near the Mt Watson tenements. These include the Hidden Treasure copper deposit with oxide mineral resources of 300,000 tonnes at an average grade of 1.3% Cu; as well as several other exploration prospects at Mt Earl, Tewinga, Mt Wonder, Anomaly P ranging from early stage to advanced.

In the past one and a half years, Ishine flew an airborne VTEM survey which identified the high to low order anomalies. The Company undertook a RC drilling program in late 2010 targeting the six anomalous areas shown in Figure 1.

Whilst the Mt Watson mine was an oxide ore body, Ishine's exploration efforts are focused on the primary zone of sulphide mineralisation at depth.

2. FIELD RECONNAISSANCE CONDUCTED IN THE COMPANY'S CAPRICORN PROJECT E08/2222 & E08/2239

During the quarter, Ishine carried out initial field reconnaissance for the two tenements application which form the Capricorn Project. The two Capricorn exploration tenements of 341km² and 109km² are located over the north-western arm of the mid-Proterozoic Bangemall Basin in the Ashburton region of Western Australia. It is situated approximately 950kms north of Perth. It covers approximately 20km strike of the major Talga Fault, recently identified by the Geological Survey of Western Australia. The Talga Fault separates shallow dipping rocks of the Pingandy Shelf to the north and the more steeply dipping compressed and folded sedimentary rocks of the Edmund Ford Belt to the south.

The two tenements is surrounded by Aurora Minerals Limited's Capricorn Projects where massive high-grade manganese mineralization was found in recent research. In early November 2010, Aurora announced its high grade manganese discovery in this project area and said that "Of the 125 rock-chip samples collected from surface, 83 assayed over 20% Mn with 21 exceeding 40% Mn to a maximum of 54.8% Mn."



3. TENEMENTS GRANTED DURING THE DECEMBER QUARTER

During the quarter three additional tenements in WA were granted, bringing the total number of granted tenements in WA held 100% by Ishine to 10.

Ishine's New Exploration Tenements Granted to date

State	Licence Number	Date Granted	Size, km ²	Locality	Target Minerals
WA	E 38/2435	2-Jan-11	71	Laverton	Ni
	E 70/3880	28-Mar-11	225	Narembreen	Au
	E 77/1786	22-Mar-11	225	Merredin	Fe
	E 37/1073	21-Jul-11	106	Laverton	Ni
	E 69/2812	1-Sep-11	451	Warburton	Cu, Ni
	E 38/2601	2-Sep-11	16	Laverton	Au, Ni
	E 37/1074	14-Sep-11	13	Laverton	Au, Ni
	E 80/4450	6-Oct-11	132	Halls Creek	Au
	E 80/4478	10-Oct-11	126	Halls Creek	Au
	E80/4448	6-Oct-11	503	Halls Creek	Ni, Cu, Ag, Au

The Company has been actively implementing its first year exploration programs for these tenements. With an aim of bringing external expertise and funds to the Company's prospective exploration projects, a number of Chinese geological institutes were escorted to the Company's tenements during the quarter. Discussions and negotiations for possible farm-in programs are currently underway.



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4. FALCON BRIDGE NICKEL PROJECT

In late 2009, Ishine International Resources Ltd ("ISH") entered into a Joint Venture Agreement on the Falconbridge Nickel Project allowing Ishine to earn up to a 70% interest from Strategic Energy Resources ("SER") in the tenements by funding up to \$3 million on exploration expenditure.

On 28 November 2011, Ishine gave SER formal notification of termination of the Joint Venture Agreement.

5. CORPORATE

Dr Caigen Wang has resigned as Managing Director of Ishine International Resources Limited on 9 December 2011.

Dr Caigen Wang has been the Managing Director since listing on the ASX in 2009 and has been instrumental to the Company progress.

The Board is appreciative of the energy and commitment that Dr Wang has given to the Company and wishes him every success in his future career movement.

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The information in this report that relates to Exploration Progress has been prepared 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.

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