Ishine International Resources Limited

ABN 64 139 522 553

Annual Report

for the financial year ended 31 December 2016

Corporate Information

ABN 64 139 522 553

Directors
Mr Yunde Li (Executive Chairman)
Mr Chuanshui (Frank) Yin (Non-Executive Director)
Mr Keong Chan (Non-Executive Director)

Company Secretary
Mr Keong Chan

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Security Transfer Registrars
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Auditors
Bentleys Audit & Corporate (WA) Pty Ltd
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PERTH WA 6000
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Website
www.ishineresources.com

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

Contents

REVIEW OF OPERATIONS

Leonora Project E39/1582(100% ISH)

The Leonora project area is located in the Eastern Goldfields Province of the Archaean-aged Yilgarn Craton of Western Australia. Rocks of this area are the most ancient on earth and commonly form the core of the world's major continents.

Large nickel laterite deposits on Mining leases M39/878, 879 are situated to the west of project about 6Km away (Figure 1). Based on regional and local geological analysis, and reviews from historical and Ishine's previous exploration undertaken including data from surface geochemical sampling and shallow drilling programs, this project is prospective for Nickel, Cobalt and Gold.

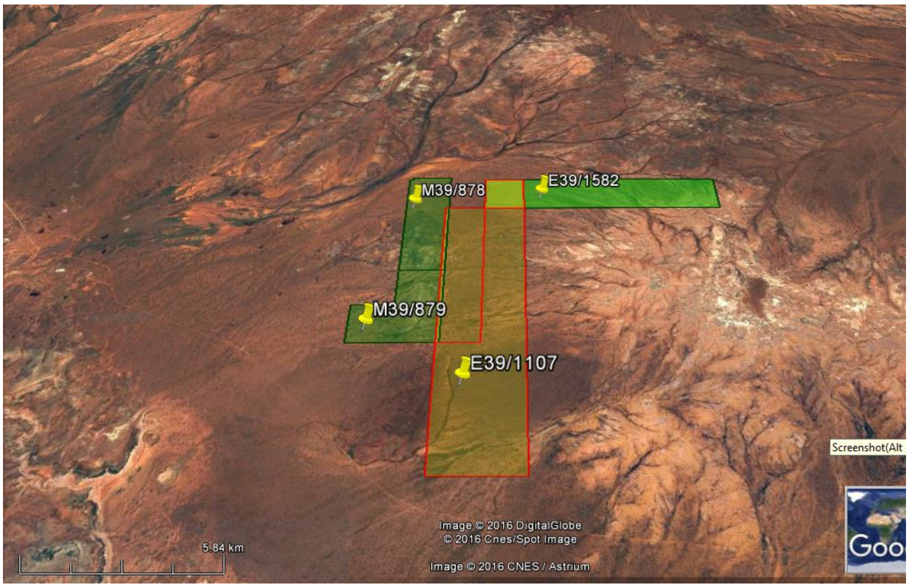

Figure 1 Project Location On Google Map

Tenement and Access

Tenement E39/1582 is located 80 km SW of Laverton, and approximately 55km east southeast of the town Leonora in the Wes Australian Mount Margaret Mineral Field. It is accessible by way of the Leonora to Laverton sealed main road, 40km east of the Leonora and thence 25km south via Minara road that runs approximately 3km to the north of the project. The Glenorn to Yundamindera road and numbers other unsealed truck allow easy access to the tenements.
Geology

The project in located on the western side of the Murrin-Margaret Sector of the Eastern Goldfields Province within the Laverton 1:250 000 map sheet.

The Archaean rocks of the Yilgarn Craton are broadly subdivided into granites and greenstones. The granites form large, coalescing, ovoid-shaped regions up to several hundreds of kilometers in length and width, generally separated by narrow elongated 'greenstone belts' composed of ancient volcanic rocks and sediments that have subsequently been deformed and metamorphosed by complex tectonic and mineralizing events. Such processes are believed to have been responsible for the formation of major gold, nickel and base metal deposits in a wide variety of rock-types. Greenstone successions of the Province are divided into elongate terranes based on the regional NNW-trending faults. The Greenstone terranes do not include widespread intrusive granites, and may be further divided into fault bounded domains. The faults and intrusions contribute to a pronounced regional structural trend. These boundary faults are poorly exposed but can be traced as lineaments or breaks, defined by large scale truncations of stratigraphy. The best known terrane is the Kalgoorlie Terrane.

E39/1582 lies on the eastern flank of a relatively open north-northeast plunging anticline that is composed of conformable mafic and ultramafic bodies. It is relatively low-lying with a gentle northeast south-west striking undulation.

The local geology of the project area comprises a basaltic package that has been intruded by differentiated mafic sill, comprising gabbro and dolerite, and felsic porphyry stocks and dykes. The host basaltic package may be pillowed and includes inter-bedded metasediment layers of dark "cherty" shale and slate. All rocks have been extensively weathered and lateritised thence the central and western sectors of the E39/1582 are almost completely covered by ferruginous colluvial sediments.

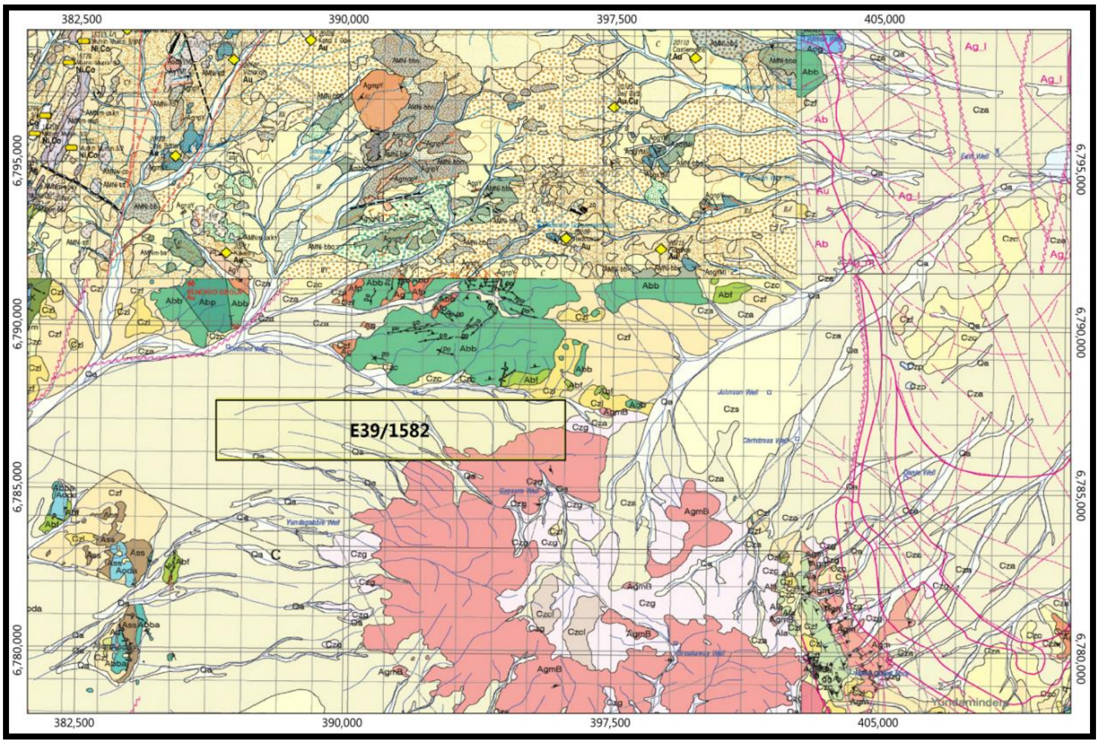

Figure 2 GSWA 1:100k Geology Map

Mineralisation

The Leonora-Laverton region is second only to Kalgoorlie-Kambalda in Western Australia for its number and size of economic gold and nickel deposits. Known gold resources (including historic production), total around 35 million ounces within nine deposits containing greater than 1 million ounces of gold including two deposits in excess of 5 million ounces. Gold mineralisation is associated with pyritic, chloritic and quartz veined tonalite and basalt. Although no significant (> 100,000 oz) gold mineralisation is known in the area, the occurrence of felsic porphyry dykes close to the margin of Granodiorite and the extensive network of linked trust faults within area are attractive targets that potentially could host gold deposit.
Adjacent to the very west of the project, GME Resources reported in 2007 significant defined lateritic nickel – cobalt resources within tenement E39/1107 (Figure 1). Indicated and inferred resources for the GME managed Mt Kikenny project area as stated by Sullivan (2006) are:

Indicated 13.73MT at 1.29% Ni, 0.10% Co
Inferred 1.38MT at 1.14% Ni, 0.07% Co

With widely distributed Archaean-aged mafic and ultramafic rock suits across the tenement area, combined with significant mineralisation zones to the west of the project. It warrants further exploration for Nickel, Cobalt and Gold mineralization.

Corporate

In August 2016, Bentleys Audit & Corporate (WA) Pty Ltd replaced PwC as the Company's external auditor. The change of auditor has been made as part of a process review of service providers relevant to Ishine. Bentleys will remain as Ishine's auditor until the next Annual General Meeting at which shareholders will be required to vote on Bentleys' continued appointment as auditor.

On 5 August 2016, the Company announced that the non-binding memorandum of understanding with Sino Australia Pty Ltd had been terminated. The Company continues to review other potential new project acquisition opportunities while managing the current tenements held with the Chinese joint venture partners.

In December 2016, the Company raised a total of $1,149,269 under a rights issue entitlement offer. The capital raised will be used to pursue exploration within the Company's existing projects and to identify/assess other suitable investment opportunities.

Mr Mark Muzzin and Mr James Li resigned as directors of the Company and were replaced by Mr Chuanshui (Frank) Yin and Mr Keong Chan. Mr Keong Chan also replaced Mr Leonard Math as Company Secretary of the Company.

The Board continues to review potential new project acquisition opportunities to enhance shareholder value.

Tenement Information as at 31 December 2016

State	Tenement Number	Date Applied	Size, km^2	Locality	Status	Target Minerals
WA	E39/1582	24-Jun-10	18	Laverton	**Granted**	Ni, Au
Summary	**1 Tenement**		**18 km_2**	**WA**		**Ni, Au**

Directors' Report

The directors of Ishine International Resources Limited ("the Company") submit herewith the annual report of the Company for the financial year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors' report is as follows:

INFORMATION ABOUT THE DIRECTORS AND SENIOR MANAGEMENT

The names and particulars of the directors of the Company during or since the end of the financial year are:

Name	Particulars
Mr Yunde Li Executive Chairman (Appointed 18 September 2009)	Mr Li has been a Director, General Manager and a principal shareholder of Ishine Mining Company Co. Ltd (IMGC) since 2001. He is an economist and has over 20 years' experience in mining and mineral processing with extensive training in business administration at Beijing University and Tsinghua University. From 1966 to 2001 he was General Manager of Yishui Xinxing Mining. He has been involved as an investor, promoter and/or director in resource companies such as, Yishui Xingxing Mining Pty Ltd, Shandong Ishine Mining Co, Yishui Heshen Mineral Process Pty Ltd.
Mr Chuanshui (Frank) Yin Non-executive Director (Appointed 15 November 2016, former CEO)	Mr Yin has nearly 20 years of operational and management experience, starting his career in a large juice enterprise in the People's Republic of China in 1994. He has had mining and mineral processing training in business administration at Tsinghua University and Toronto University. He has been active in developing Sino-Australian business ventures in mining and has facilitated a number of negotiations between Chinese and Australian parties in mining development investments and off-take agreements. He has developed a good network of business relationships all around the world. Mr Yin holds a Master's degree in Economics and Law from Zhongnan University. He is currently completing a doctorate degree in Finance. He has significant diverse experience in business marketing and finance research. Mr Yin has not held any directorships of other listed companies in the last 3 years.
Mr Keong Chan Non-executive Director & Company Secretary (Appointed 15 November 2016)	Mr Chan holds a Bachelor of Commerce from the University of Western Australia and a Master of International Customs Law and Administration from the University of Canberra. Mr Chan has provided advice to a number of companies on corporate matters in relation to capital raisings, IPOs, back door listings, mergers and acquisitions, takeovers/divestments and has sat on or acted as an advisor to a number of ASX listed boards. Mr Chan is non-executive director of Augend Limited (appointed 10 June 2016), Pointerra Limited (appointed 22 December 2009, resigned 30 June 2016) and Riva Resources Limited (appointed 1 December 2015).

Name	Particulars
Mr Naiming (James) Li Non-executive Director (Appointed 18 September 2009; Resigned 15 November 2016)	Mr Li holds a Bachelor's Degree from Fudan University in China in Science, Majoring in Organic Chemistry and a Post Graduate Diploma in Industrial Chemistry from Swinburne University, Victoria, Australia. He was the Chief Representative of China Business in a leading full services broking house in Australia for more than 10 years. He is now a director of a stockbroking house in Melbourne with operations in both Australia and Hong Kong. Mr Li has strong relationships in China across all levels of government, through to state owned enterprises and private companies. He has a particularly strong relationship with the China Mining Association (CMA). He provides financial services to Chinese communities across Australia and overseas. He has been involved in a range of major corporate deals in Australia involving China including facilitating the first uranium deal between Australia and China in 2006 and initiating and facilitating the Western Australian Abra project in 2007. He also was involved in many other Iron Ore and base metal corporate deals. In the past few years, he has also helped many Chinese companies with their ASX listings. Mr Li is the Deputy Secretary of International Mining Promotions of the CMA. He is also the Vice President of the Australia – China Mining Association. Mr Li is a Director of ASX Listed Australia New Agribusiness and Chemical Group Limited.
Mr Mark Muzzin Non-executive Director (Appointed 1 February 2010; Resigned 15 November 2016)	Mr Muzzin has had over 20 years of commercial experience and holds a B.A. degree from Latrobe University, Melbourne. His career commenced in the mid-eighties with a London stock broking firm and he has consulted for two of the major banks in Australia in the share custodian area. He has been involved in capital raising activities for resource companies in Australia and has consulted to various oil & gas and minerals companies. Mr Muzzin has served as General Manager of a number of public companies. Mr Muzzin is currently serving as Managing Director/CEO of Ionic Industries Limited. Mr Muzzin served as Managing Director/CEO of Strategic Energy Resources Limited, an ASX listed company, appointed 4 December 2008, resigned March 2016. He is also the CEO of Ionic Industries Limited.

Directors' shareholdings

The following table sets out each director's relevant interest in shares of the Company as at the date of this report. There were no options on issue to directors during the period up to the date of this report.

	Shares	
	Held directly	*Held indirectly*
Mr Yunde Li (i)	10,000,000	63,151,291
Mr Chuanshui (Yin) (ii)	120,000	3,170,000
Mr Keong Chan (ii)	-	-
Mr Naiming (James) Li (iii)	-	-
Mr Mark Muzzin (iv)	-	-

(i) The 63,151,291 shares are held in the name of Shandong Ishine Mining Industry Co Ltd (a company in which the Director is a shareholder).

(ii) Appointed 15 November 2016. The 3,170,000 shares are held in the name of Ausrich Resources Pty Ltd (Mr Yin is director of Ausrich Resources Pty Ltd).

(iii) Appointed 18 September 2009; Resigned 15 November 2016.

(iv) Appointed 1 February 2010; Resigned 15 November 2016.

Company Secretary

Name	Particulars
Mr Keong Chan (Appointed 15 November 2016)	Mr Chan holds a Bachelor of Commerce from the University of Western Australia and a Master of International Customs Law and Administration from the University of Canberra. Mr Chan has provided advice to a number of companies on corporate matters in relation to capital raisings, IPOs, back door listings, mergers and acquisitions, takeovers/divestments and has sat on or acted as an advisor to a number of ASX listed boards.
Mr Leonard Math BBus, CA (Appointed 18 September 2009; Resigned 15 November 2016)	Mr Math graduated from Edith Cowan University, majoring in Accounting and Information Systems, in 2003 and is a member of the Institute of Chartered Accountants in Australia. His public company responsibilities include corporate compliance roles, including extensive liaison with ASX and ASIC, control and implementation of corporate governance, completion of annual financial reports and auditor liaison, and shareholder relations with registry and shareholders both retail and institutional.

PRINCIPAL ACTIVITIES

The principal continuing activity of the Company during the financial year was the exploration of mineral prospects.

REVIEW OF OPERATIONS

A review of the Company operations for the financial year is set out in the Review of Operations of this report.

CHANGES IN THE STATE OF AFFAIRS

Apart from noted elsewhere in this report, no significant changes in the state of affairs of the Company occurred during the financial year.

SUBSEQUENT EVENTS

In February 2017, the Company repaid in full the $325,323 loan from Add New Energy Investment Holdings Group Limited (formerly China Zhongsheng Resources Holdings Limited).

No other matters or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

ENVIRONMENTAL REGULATIONS

The Company is subject to significant environmental regulation in respect to its exploration activities. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The company has considered relevant impacts and ensured the company is compliant with environmental reporting requirements described in ASIC Regulatory Guide 68 New Financial Reporting and procedural requirements. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

SHARES UNDER OPTION

There are no shares under option during the period.

There are 900,000 shares unissued but granted to Mr Chuanshui (Frank) Yin in accordance with his employment agreement as CEO upon fulfilment of his third year of service.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year the Company paid a premium in respect of a contract insuring the directors of the Company, the company secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The premium for director and officer's liability is $11,100 (December 2015: $8,611), limit of indemnity is $5,000,000 (December 2015: $5,000,000).

The Company has entered into a Deed of Indemnity, Insurance and Access with each Director. In summary the Deed provides for:

- Access to corporate records for each Director for a period after ceasing to hold office in the Company,
- The provision of Directors and Officers Liability Insurance, and
- Indemnity for legal costs incurred by Directors in carrying out the business affairs of the Company.

Except for the above the Company has not otherwise, during or since the financial year, except to the amount permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings held during the financial year ended 31 December 2016 and the number of meetings attended by each director (while they were a director). During the financial year the following board meeting was held:

	Board of Directors	
Directors	**No of eligible meetings to attend**	**Number attended**
Mr Yunde Li	4	4
Mr Chuanshui (Frank) Yin (i)	1	1
Mr Keong Chan (i)	1	1
Mr Naiming (James) Li (ii)	3	3
Mr Mark Muzzin (iii)	3	3

There were one Board Meeting held and three Circular Resolutions during the year.

(i) Appointed 15 November 2016

(ii) Appointed 18 September 2009; Resigned 15 November 2016.

(iii) Appointed 1 February 2010; Resigned 15 November 2016.

NON-AUDIT SERVICES

No non-audit services have been provided during the year. For details of amounts paid or payable to the auditor for audit services provided during the period are outlined in note 22 to the financial statements.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 15 of the financial report.

REMUNERATION REPORT (audited)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Ishine International Resources' directors and senior management for the financial year ended 31 December 2016. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and key management personnel details
- remuneration policy
- remuneration of directors and key management personnel
- key terms of employment contracts

Director and key management personnel details

The following persons acted as directors during or since the end of the financial year:

Mr Yunde Li	Executive Chairman (Appointed 18 September 2009)
Mr Chuanshui (Frank) Yin	Non-executive Director (Appointed 15 November 2016, former CEO)
Mr Keong Chan	Non-executive Director (Appointed 15 November 2016)
Mr Naiming (James) Li	Non-executive Director (Appointed 18 September 2009; Resigned 15 November 2016)
Mr Mark Muzzin	Non-executive Director (Appointed 1 February 2010; Resigned 15 November 2016)

The term "key management personnel" is used in this remuneration report to refer to the following persons. Except as noted the named persons held their current positions for the whole of the period and since the end of the financial year:

Mr Chuanshui Yin	Chief Executive Officer up till appointment as Non-executive Director on 15 November 2016
Mr Leonard Math	Company Secretary (Appointed 18 September 2009; Resigned 15 November 2016)
Mr Keong Chan	Company Secretary (Appointed 15 November 2016)

Remuneration and nomination procedures

The Board considers that the Company is not of a size to justify the formation of a remuneration or nomination Committee. The Board is able to address these aspects of the Company's activities and will adhere to the appropriate ethical standards and with the relevant remuneration and nomination procedures.

The Board will review the remuneration policies and packages of all Directors and senior executive officers on a periodical basis. However, there was no meeting held in relation to review of remuneration policies and packages during the year. The Board will also periodically review the composition of the Board and make necessary changes to ensure that it comprises persons who have the skill and experience appropriate for the business activities and operations undertaken by the Company.

If a vacancy occurs or if it is considered that the Board would benefit from the services and skills of an additional Director, the Board will select and appoint the most suitable candidate. Any such appointee would be required under the Constitution to retire at the next annual general meeting and is eligible for re-election by the shareholders at that meeting.

Remuneration policy

Remuneration levels for executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and individual's experience and qualifications. The Company's Constitution provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration has been set at an amount not to exceed $450,000 per annum.

Fees for non-executive directors are not linked to the performance of the Company.

The executive directors and full time executives receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

Relationship structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

Non-executive director remuneration

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually.

Each of the non-executive Directors receives a fixed fee for their services as Directors. There is no direct link between remuneration paid to any of the Directors and corporate performance such as bonus payments for achievement of certain key performance indicators. There are no retirement benefits for non-executive Directors.

Executive remuneration

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. The remuneration of executive Directors and other executives is fixed by the Board and may be paid by way of cash settled salary or the issue of equity.

Remuneration consists of cash settled remuneration and share based payments.

Cash settled remuneration

The level of cash settled remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Cash settled remuneration is reviewed periodically by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice. However, there was no meeting held this year in relation to remuneration review.

The cash component is a base salary or monthly consulting fee.

Share based payments

Share based payments are made so as to provide a remuneration which is both appropriate to the position and is competitive in the market. Share based payments are not based any performance conditions.

Remuneration of directors and key management personnel

The directors and the Company executives received the following amounts as compensation for their services as directors and executives of the Company during the financial year ended 31 December 2016:

Financial year ended 31 December 2016

	Short-term employee benefits		Post- employment benefits			
Name	**Cash salary and fees**	**Other services**	**Superannuation**	**Share-based payment shares**	**Total**	**% consisting of options**
	$	**$**	**$**	**$**	**$**	**$**
Directors						
Mr Yunde Li	5,000	70,000	-	-	75,000	-
Mr Chuanshui Yin (i)	5,000	30,000	-	-	35,000	-
Mr Keong Chan (ii)	8,000	10,500			18,500	
Mr Naiming Li (iii)	25,000	-	-	-	25,000	-
Mr Mark Muzzin (iv)	25,000	-	-	-	25,000	-
Executives						
Mr Leonard Math (v)	16,500	19,250	-	-	35,750	-
TOTAL	**84,500**	**129,750**	**-**	**-**	**214,250**	

(i) Appointed as Non-executive Director on 15 November 2016.

(ii) Appointed as Non-executive Director and Company Secretary on 15 November 2016. These payments were made to Charterhouse Capital Pty Ltd, company of which Mr Chan is a director of $7,000 out of the $18,500 is prepaid fees for month of January 2017.

(iii) Resigned 15 November 2016. Mr Naiming Li is the director and beneficiary of Pacway Investments Pty Ltd which received director's fees of $25,000 plus GST in settlement of outstanding directors fees previously owed to him.

(iv) Resigned 15 November 2016. Mr Muzzin is a partner of the partnership M & C Muzzin which received director's fees of $25,000 plus GST in settlement of outstanding directors fees previously owed to him.

(v) These payments were made to Nexia Perth, company which Mr Math was an employee of. They included fees for tax, accounting and company secretarial services. Details are set out in Key Terms of Employment Contracts.

Financial year ended 31 December 2015

Name	Short-term employee benefits		Post- employment benefits			
	Cash salary and fees	Other services	Superannuation	Share-based payment shares	Total	% consisting of options
	$	$	$	$	$	$
Directors						
Mr Yunde Li	-	-	-	-	-	-
Mr Naiming Li (i)	54,000	-	-	-	54,000	-
Mr Mark Muzzin (ii)	54,000	-	-	-	54,000	-
Executives						
Mr Leonard Math (iii)	20,000	24,925	-	-	44,925	-
Mr Chuanshui Yin	90,000	-	8,550	11,917	110,467	-
TOTAL	**218,000**	**24,925**	**8,550**	**11,917**	**263,392**	**-**

(i) Mr Naiming Li is the director and beneficiary of Pacway Investments Pty Ltd which received director's fees of $13,500 and accrued $40,500 to be paid upon a successful capital raising, totalling $54,000 for the year ended 31 December 2015 from Ishine.

(ii) Mr Muzzin is a partner of the partnership M & C Muzzin which received director's fees of $15,750 and accrued $38,250 to be paid upon a successful capital raising, totalling $54,000 for the year ended 31 December 2015 from Ishine.

(iii) These payments were made to GDA Corporate and Nexia Perth (GDA Corporate merged with Nexia Perth in October 2015), company of which Mr Math is an employee. The fees include accounting fees of $1,750 per month and company secretarial fees of $1,750 per month provided to the company and other minor services. From 1 September 2015 the fees are amended to $1,500 per month for each service due to Ishine's cash position. Details are set out in Key Terms of Employment Contracts. $5,575 out of the $44,925 were accrued and remained unpaid as at 31 December 2015.

(iv) Mr Yin received salary and superannuation of $65,700 and $32,850 accrued salary and wages, payable upon a successful capital raising, totalling $98,550 for the year ended 31 December 2015 from Ishine.

Key management personnel equity holdings

(i) Fully paid ordinary shares

	Balance at start of period	Granted as compensation	Balance at end of period
	No	No	No
31 December 2016			
Directors			
Mr Yunde Li	10,000,000	-	10,000,000
Mr Chuanshui Yin (ii)	1,020,000	-	1,020,000
Mr Naiming Li (iii)	-	-	-
Mr Mark Muzzin (iii)	-	-	-
	-	-	-
	-	-	-
Executives	-	-	-
Leonard Math (i)	100,000	-	100,000

(i) Shares were issued to GDA Corporate (which merged with Nexia Perth in October 2015) of which Mr Math was an employee.

(ii) 1,020,000 includes 900,000 shares which Mr Yin is entitled to as part of his share based payments. However, none of the 900,000 shares were issued as at balance date. (Refer Note 21 for more details).

(iii) Resigned on 15 November 2016.

	Balance at start of period	Granted as compensation	Balance at end of period
	No	No	No
31 December 2015			
Directors			
Mr Yunde Li	10,000,000	-	10,000,000
Mr Naiming Li	-	-	-
Mr Mark Muzzin	-	-	-
Executives			
Mr Chuanshui Yin (ii)	720,000	300,000	1020,000
Mr Leonard Math (i)	100,000	-	100,000

(i) Shares were issued to GDA Corporate (which merged with Nexia Perth in October 2015) of which Mr Math is an employee.

(ii) Balance of 1,020,000 includes 900,000 shares which Mr Yin is entitled to as part of his share based payments. However, none of the 900,000 shares were issued as at balance date. (Refer Note 21 for more details).

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

Mr Chuanshui (Frank) Yin is entitled to 900,000 shares in accordance with his CEO employment contract effective 1 December 2012, based on his completion of his third full year of service. However the 900,000 have not yet been granted as at the date of this report.

Performance of Ishine International Resources Limited

The table below sets out summary information about the entity's earnings and movements in shareholder wealth for the 5 years to 31 December 2016. (The company was incorporated on 18 September 2009.)

	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014	6 months ended 31 December 2013	Year ended 30 June 2013
	$	$	$	$	$
Revenue	129	12,188	85,855	5,508	12,551
Net loss before tax	(157,162)	(400,150)	(1,365,926)	(480,732)	(2,416,687)
Net loss after tax	(157,162)	(400,150)	(1,365,926)	(480,732)	(2,416,687)

	31 December 2016	31 December 2015	31 December 2014	31 December 2013	30 June 2013
	$	$	$	$	$
Share price at beginning of period/year	$0.22	$0.22	$0.22	$0.22	$0.20
Share price at end of period/year	$0.045	$0.22	$0.22	$0.22	$0.22
Dividends	-	-	-	-	-
Basic and diluted earnings per share (cents per share)	(0.17)	(0.44)	(1.50)	(0.53)	(2.71)

There is no link between company key management personnel remuneration and company performance.

Key Terms of Employment Contracts

Mr Chuanshui Yin was appointed as Chief Executive Officer of the Company effective 1 December 2012. Upon amendment on 1 September 2014, Mr Yin's current remuneration package is $90,000 per annum base salary paid in cash plus statutory superannuation of 9.5% and 300,000 shares. The Company agreed to issue Mr Yin with 300,000 ordinary fully paid shares in the Company for every year of service for a complete period of 3 years and on the terms and conditions set out in the employment agreement. As at 31 December 2015 Mr Yin has satisfied the third year service condition and therefore shares were approved to be issued. Mr Yin has been engaged under an open term arrangement i.e. no fixed term. Mr Yin resigned as CEO and was appointed Non-executive director for the Company on 15 November 2016.

Nexia Perth, company of which Leonard Math was an employee, had two service contracts with Ishine International Resources Ltd both signed on 20 December 2009. The fees for both Accounting and Company Secretary services were revised to $1,500 per month each from 1 September 2015. These service contracts have now been terminated and been replaced by a service contract of $2,500 per month providing accounting and bookkeeping services only.

End of remuneration report.

Signed in accordance with a resolution of the directors.

Mr Keong Chan
Director
29 March 2017

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216 St Georges Terrace
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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Ishine International Resources Limited for the financial year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

Chris Nicoloff

CHRIS NICOLOFF CA
Director

DATED at PERTH this 29th day of March 2017

Financial Report

Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 31 DECEMBER 2016	Notes	Company	
		2016	2015
		$	$
Revenue	5	129	12,188
Other income	6(a)	74,623	649,982
Depreciation expense	11	(1,349)	(6,926)
Tenement and exploration expenses		(58,396)	(547,892)
Impairment of financial assets	10	-	(8,300)
Accounting and audit fees		(40,772)	(72,692)
Occupancy expenses		-	(36,000)
Administrative expenses		(43,309)	(42,700)
Employee benefit and consultancy expenses	6(c)	(45,635)	(292,536)
Other expenses	6(b)	(42,453)	(55,274)
LOSS BEFORE INCOME TAX		**(157,162)**	**(400,150)**
Income tax expense	8	-	-
LOSS FOR THE YEAR/PERIOD		(157,162)	**(400,150)**
LOSS FOR THE YEAR/PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF ISHINE INTERNATIONAL RESOURCES LIMITED	14(c)	(157,162)	**(400,150)**
OTHER COMPREHENSIVE INCOME/(LOSS) NET OF TAX			
Items that may be reclassified to profit or loss			
Changes in fair value of available for sale financial assets	10	240,700	16,600
Recycle to profit and loss statement due to recognition of impairment of available for sale financial assets	10	-	-
Other Comprehensive (loss)/income for the year/period		**240,700**	**16,600**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		**83,538**	**(383,550)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF ISHINE INTERNATIONAL RESOURCES LIMITED		83,538	**(383,550)**
Basic and diluted loss per share (cents per share)	15	(0.17)	(0.44)

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

Financial Report (Cont'd)

Statement of Financial Position

AT 31 DECEMBER 2016

	Notes	Company 31 December 2016 $	Company 31 December 2015 $
CURRENT ASSETS			
Cash and cash equivalents	7	1,160,747	200,474
Trade and other receivables	9	49,232	35,335
TOTAL CURRENT ASSETS		1,209,979	235,809
NON-CURRENT ASSETS			
Other financial assets	10	332,000	91,300
Property, plant and equipment	11	1,554	2,903
TOTAL NON-CURRENT ASSETS		333,554	94,203
TOTAL ASSETS		1,543,533	330,012
CURRENT LIABILITIES			
Trade and other payables	12(b)	79,141	223,194
Provisions	12(c)	-	20,142
Unearned revenue	12(a)	4,962	4,962
Loan from major shareholder	20(c)	325,323	227,990
TOTAL CURRENT LIABILITIES		409,426	476,288
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		409,426	476,288
NET (LIABILITIES)/ASSETS		1,134,107	(146,276)
EQUITY			
Contributed equity	13	8,818,080	7,621,235
Share based payments reserve	14(a)	1,107,666	1,107,666
Investment revaluation reserve	14(a)	257,300	16,600
Accumulated losses	14(c)	(9,048,939)	(8,891,777)
TOTAL (DEFICIENCY)/EQUITY		1,134,107	(146,276)

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

Financial Report (Cont'd)

Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2016	Contributed Equity $	Accumulated Losses $	Share Based Payments Reserve $	Investment Revaluation Reserve $	Total $
Opening Balance	7,621,235	(8,891,777)	1,107,666	16,600	(146,276)
Profit for the period	-	(157,162)	-	-	(157,162)
Changes in fair value of available for sale financial assets	-	-	-	240,700	240,700
Cumulative loss reclassified to profit or loss on impairment of available for sale assets	-	-	-	-	-
Total comprehensive (loss)/income for the year	-	(157,162)	-	240,700	83,538
Transactions with owners in their capacity as owners					
Share based payments	-	-	-	-	-
Issue of shares	1,299,173	-	-	-	1,299,173
Less: Share issue costs	(102,328)	-	-	-	(102,328)
AT 31 DECEMBER 2016	8,818,080	(9,048,939)	1,107,666	257,300	1,134,107

YEAR ENDED 31 DECEMBER 2015	Contributed Equity $	Accumulated Losses $	Share Based Payments Reserve $	Investment Revaluation Reserve $	Total $
Opening Balance	7,621,235	(8,491,627)	1,095,749	-	225,357
Loss for the period	-	(400,150)	-	-	(400,150)
Changes in fair value of available for sale financial assets	-	-	-	16,600	16,600
Cumulative loss reclassified to profit or loss on impairment of available for sale assets	-	-	-	-	-
Total comprehensive (loss)/income for the year	-	(400,150)	-	16,600	(383,550)
Transactions with owners in their capacity as owners	-	-	-	-	-
Share based payments	-	-	11,917	-	11,917
AT 31 DECEMBER 2015	7,621,235	(8,891,777)	1,107,666	16,600	(146,276)

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

Financial Report (Cont'd)

Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2016	Notes	Company	
		Year ended 31 December 2016 $	Year ended 31 December 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Operating activities		74,623	649,915
Payments to suppliers and employees (inclusive of GST)		(349,811)	(383,153)
Interest received		129	129
Payments for exploration activities (inclusive of GST)		(58,846)	(548,420)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	7	**(333,905)**	**(281,529)**
CASH FLOWS FROM INVESTING ACTIVITIES			
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,299,174	-
Capital raising costs		(102,328)	-
Loan from major shareholder		97,333	227,990
NET CASH INFLOW FROM FINANCING ACTIVITIES		**1,294,179**	**227,990**
NET DECREASE IN CASH AND CASH EQUIVALENTS		960,273	(53,539)
Cash and cash equivalents at the beginning of the year		200,474	254,013
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	**1,160,747**	**200,474**

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

Notes to the Financial Statements

1. GENERAL INFORMATION

Ishine International Resources Limited ('Ishine') is incorporated and operates in Australia. Ishine is a listed public company on the Australian Securities Exchange. The address of its registered office and principal place of business are disclosed on the inside cover of the financial report. This financial report for Ishine is for the year ended 31 December 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Ishine International Resources Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on an accrual basis and is based on historical cost modified by the revaluation of available-for-sale financial assets for which the fair value basis of accounting has been applied, and fair value basis of accounting of share based payments was applied at grant date. Accounting policies applies are consistent with those of the prior year.

Ishine International Resources Limited is a company limited by shares incorporated in Australia whose are shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Company are described in the Directors' Report.

Compliance with IFRS

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of Australian Accounting Standards management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to Note 3 for a discussion of critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty.

Notes to the Financial Statements (Cont'd)

Application of New and Revised Accounting Standards

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 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.

(i) 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.

(ii) 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.

(iii) 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.

(iv) AASB 15 *Revenue from contracts with customers (Mandatory for financial years commencing on or after 1 January 2018)*

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.

(v) AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. For lessees, all leases other than short-term leases and low value leases will be recognised on the balance sheet.

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

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.

Notes to the Financial Statements (Cont'd)

(a) Segment information

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision maker – the executive management team (being CEO) and Board of directors.

The Company aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset. Management fee for exploration tenements is recognised when the service is provided to the relevant joint venture.

(c) Income tax

The current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged or credited in the profit or loss component of statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences and unused tax losses or tax credits can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(d) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value less costs of disposal. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash- generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After

Notes to the Financial Statements (Cont'd)

such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(e) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

(f) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are initially recognised at fair value and subsequently carried at amortised cost less an allowance for any uncollectible amounts. Term deposits with more than 3 month maturity date have been classified as other receivables. An allowance for doubtful debts is recognised when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell an asset or to transfer a liability between market participants at the measurement date under current market conditions (ie an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

When a price for an identical asset or liability is not observable, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;
b. less principal repayments;
c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) *Loans and receivables*

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Purchases and sales of investments are recognised on trade-date being the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Notes to the Financial Statements (Cont'd)

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit or loss in the Statement of Comprehensive Income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale investments are recognised in equity in the "investment revaluation reserve". When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Statement of Comprehensive Income as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing methods refined to reflect the issuer's specific circumstances.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss, is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments are not reversed through the Statement of Comprehensive Income.

(iv) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of equity available-for-sale (AFS) financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(h) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the last trade price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Notes to the Financial Statements (Cont'd)

(i) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and impairment loss.

Plant and equipment

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

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

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

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(j) Exploration and evaluation expenditure

Exploration and evaluation assets arising out of acquisition of an area of interest are capitalised as part of the deferred exploration and evaluation asset. Subsequent to acquisition, exploration expenditure is expensed as incurred in accordance with the company's accounting policy. Development costs relating to specific properties are capitalised once management determines the property will be developed. A development decision is made based upon consideration of project economics, including future metal prices, reserves, resources and estimated operating and capital costs. The capitalised costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the capitalised costs for the relevant area of interest are reclassified to mine properties and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. If a trigger event is determined to have occurred, the assets are assessed for impairment in accordance with the policy contained in Note 2 (d).

The capitalised costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(m) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Financial Statements (Cont'd)

(n) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) Share based payments

Equity-settled share-based payments are measured at fair value at the date of grant.

Option fair value is measured by use of the Black & Scholes option pricing model. At the end of each reporting period the company revises its estimate of expected life of the options issued. The number of equity instruments expected to vest has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest.

For cash-settled share based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(q) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(r) Other income

Other income is recognised to the extent that it is probable that the economic benefits will flow to the Company and other income can be reliably measured. The Company's Other Income includes vehicle rental income and refunds from JV partners.

(s) Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Notes to the Financial Statements (Cont'd)

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Key Judgement – Income Tax

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered probable that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

Key judgement – AFS impairment

The company made a significant judgment about the impairment of its available-for-sale financial asset. To determine if an available-for-sale financial asset is impaired, the Company evaluates the duration and extent to which the fair value of the asset is less than its cost, and the financial health of and short-term business outlook for the investee (including factors such as industry and sector performance, changes in technology and operational and financing cash flows). When the fair value of the Company's available-for-sale financial asset had fallen below cost, the Company determined that these declines in fair value were expected to be significant or prolonged and hence impairment needed to be recognised.

Notes to the Financial Statements (Cont'd)

4. SEGMENT INFORMATION

Description of segments

The Company operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the directors for assessing performance and determining the allocation of resources within the Company. All of the Company's mineral exploration activity is based in Australia.

	Company	
	31 December 2016 $	31 December 2015 $
5. REVENUE		
Interest Income	129	129
Exploration management services income	-	12,059
	129	12,188
6. OTHER INCOME AND EXPENSES		
(a) Other income:		
Vehicle rental income (refer Note 20(b))	-	23,754
Refunds from Joint Venture Partners	74,623	626,228
	74,623	649,982
(b) Other expenses includes the following specific expenses:		
Due Diligence	(2,500)	-
Stock exchange and registry fees	(34,591)	(43,988)
Insurance expenses	(5,361)	(9,861)
Interest expenses	-	(1,425)
	(42,452)	(55,274)
(c) Employee expenses and consultancy fee	(43,635)	(292,536)
7. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	1,160,747	200,474

Reconciliation of loss for the year to net cash flows used in operating activities:

Loss for the year	(157,162)	(400,150)
Non-cash expenses:		
Depreciation	1,349	6,926
Impairment of financial assets	-	8,300
Impairment of exploration and evaluation expenditure	-	-
Share based payment	-	11,917
Changes in assets and liabilities:		
(Increase)/Decrease in:		
Receivables	(13,897)	(5,017)
Increase/(Decrease) in:		
Payables	(164,195)	96,495
Net cash flows used in operating activities	(333,905)	(281,529)

Notes to the Financial Statements (Cont'd)

	Company	
	31 December 2016	31 December 2015
	$	$

8. INCOME TAX

(a) Income tax expense/(benefit)

The income tax(benefit) for the year differs from the prima facie tax as follows:

	31 December 2016 $	31 December 2015 $
Loss for year	(157,162)	(400,150)
Prima facie income tax (benefit) @ 28.5% (2015: 30%)	(44,791)	(120,045)
Non-deductible expenses	-	6,228
Current year deferred tax assets not brought to account	44,791	113,817
Total income tax expense	-	-

(b) Unrecognised deferred tax assets

Deferred tax assets not brought to account the benefits of which will only be realised if the conditions for deductibility set out in Note 2(c) occur:

	31 December 2016 $	31 December 2015 $
- Tax Losses	1,995,856	1,892,499
- Temporary differences	322,596	277,805
Net unrecognised deferred tax asset	2,318,452	2,170,304

9. TRADE AND OTHER RECEIVABLES

	31 December 2016 $	31 December 2015 $
Deposits paid	-	20
Prepaid expenses	13,863	1,373
GST recoverable	35,369	33,941
	49,232	35,334

10. OTHER FINANCIAL ASSETS

Available for sale financial asset carried at fair value
Listed securities – Shares

	31 December 2016 $	31 December 2015 $
Opening balance	91,300	83,000
AFS fair value movement	240,700	16,600
Impairment write-off	-	(8,300)
Closing Balance	332,000	91,300

Notes to the Financial Statements (Cont'd)

	Company 31 December 2016 $	Company 31 December 2015 $
11. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment – at cost	166,290	166,290
Accumulated depreciation	(164,736)	(163,387)
Total written down amount	1,554	2,903
Reconciliation		
Opening written down value	2,903	9,829
Depreciation charge for the period	(1,349)	(6,926)
Closing written down value	1,554	2,903
12. LIABILITIES		
(a) Unearned revenue		
Unearned revenue: JV Partner advances	4,962	4,962
(b) Trade and Other payables		
Trade and other payables	71,142	35,359
Accruals	8,000	187,835
Total Trade and Other payables	79,142	223,194
(c) Provisions		
Annual leave provision	-	20,142
Total Provisions	-	20,142

Notes to the Financial Statements (Cont'd)

13. CONTRIBUTED EQUITY

(a) Share capital	31 December 2016 $	31 December 2015 $
208,957,970 (2015: 90,851,291) ordinary shares fully paid	8,818,079	7,621,235

(b) Movement in ordinary shares on issue

Date	Details	No. of shares	$
1 January 2016	Opening Balance	90,851,291	7,621,235
28 November 2016	Placement to sophisticated investors	13,627,694	149,905
20 December 2016	Non-renounceable entitlement issue	104,478,985	1,149,269
	Less: Share issue costs		(102,330)
31 December 2016	Closing Balance	208,957,970	8,818,079

(c) Share Options

There were no share options issued during the financial year ended 31 December 2016. All of unissued shares or interests under option have expired as at 31 December 2016 (Note 21).

(d) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

14. RESERVES AND ACCUMULATED LOSSES

	31 December 2016 $	31 December 2015 $
(a) Reserves		
Share-based payments reserve		
Balance at the beginning of the year	1,107,666	1,095,749
Share based payment	-	11,917
Balance at the end of the year	1,107,666	1,107,666
Investment revaluation reserve		
Balance at the beginning of the year	16,600	-
Change in investment revaluation reserve	240,700	16,600
Balance at the end of the year	257,300	16,600

(b) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued and shares granted to executives as share based payments.

Investment revaluation reserve

The investment revaluation reserve represents the cumulative gain and losses arising on the revaluation of available for sale financial assets that have been recognised in other comprehensive income.

Notes to the Financial Statements (Cont'd)

	Company	
	31 December 2016 $	31 December 2015 $
(c) Accumulated losses		
Balance at the beginning of the year	(8,891,777)	(8,491,627)
Net loss for the year	(157,162)	(400,150)
Balance at the end of the year	(9,048,939)	(8,891,777)

15. LOSS PER SHARE

(a) Reconciliation of earnings used in calculating loss per share

Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss per share	(157,162)	(400,150)

	Number of shares 31 December 2016	Number of shares 31 December 2015
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	95,220,096	90,851,291
(c) Basic and Diluted loss per share – cents per share	(0.17)	(0.44)

(d) Information on the classification of options/ unissued shares

As the Company has made a loss for the year ended 31 December 2016, all options on issue (refer note 21) and unissued shares to Mr Chuanshui Yin are considered antidilutive and have not been included in the calculation of diluted loss per share. These options and unissued shares could potentially dilute basic loss per share in the future.

16. DIVIDENDS

No dividends were paid during the financial year (31 December 2015: Nil). No recommendation for payment of dividends has been made. (2015: Nil)

Notes to the Financial Statements (Cont'd)

17. COMMITMENTS

(a) Exploration commitments

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

The existing tenement commitments are as follows;

	Company	
	31 December 2016 $	31 December 2015 $
0 to 1 year	30,000	458,000
1 to 3 years	-	40,000
3 to 5 years	-	-
	30,000	498,000

(b) Lease agreement

The Company has moved its offices to Suite 8, 1297 Hay Street, West Perth in December 2016. No new lease agreement has been entered into, the office rent is paid on a monthly basis.

(c) Service contract

The Company entered into a new agreement with Nexia Perth in November 2016 for the provision of accounting and bookkeeping services. The engagement may be terminated with a one-month notice. The commitments in relation to the one month notice is as follows:

Accounting and bookkeeping services notice period	2,500	9,000

18. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Company's principal financial instruments comprise available for sale financial assets, receivables, payables, cash and short-term deposits. The Company manages its exposure to key financial risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Company does not speculate in the trading of derivative instruments. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Notes to the Financial Statements (Cont'd)

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

(b) Categories of financial instruments

The Company holds the following financial instruments:

	Company	
	31 December 2016	31 December 2015
	$	$
Financial assets		
Cash and cash equivalents	1,160,747	200,474
Trade and other receivables	-	33,961
Financial asset available for sale	332,000	91,300
	1,492,747	325,735
Financial liabilities		
Trade and other payables	-	35,359
Loan from major shareholder	325,323	227,990
	325,323	263,349

(c) Interest rate risk management

The Company's exposure to risks of changes in market interest rates relates primarily to the Company's cash balances. The Company constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternatives financing positions and the mix of fixed and variable interest rates. As the Company has no interest bearing borrowing its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits.

(d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide future returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the Company's capital is performed by the Board. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The following sensitivity analysis is based on the pricing risk exposure in existence at the balance sheet date.
If share price had moved, as illustrated in the table below, with all other variables held constant, fair value of available for sale financial assets of the Company would have been affected as follows:

Judgements of reasonably possible:		
Equity – higher / (lower)		
+10.0%	33,200	9,130
-10.0%	(33,200)	(9,130)

Notes to the Financial Statements (Cont'd)

(e) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and term deposits, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. At 31 December 2016, the Company has no significant exposure to liquidity risk as there is effectively no debt other than loan from major shareholder.

Maturities of financial liabilities

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

The tables below have been drawn up based on the undiscounted cash flows (including both interest and principal cash flows expected) using contractual maturities of financial assets and the earliest date on which the Company can be required to pay financial liabilities. Amounts for financial assets include interest earned on those assets except where it is anticipated the cash flow will occur in a different period.

	31 December 2016				31 December 2015			
	≤6 months $	6 – 12 months $	1-5 Years $	Total $	≤6 months $	6 – 12 months $	1-5 Years $	Total $
Financial liabilities								
Trade and other payables	7,142	-	-	7,142	35,359	-	-	35,359
Accruals	8,000	-	-	8,000	187,835	-	-	187,835
Loan from major shareholder	325,323	-	-	325,323	227,990	-	-	227,990
Total Financial Liabilities	**340,465**	**-**	**-**	**340,465**	**451,184**	**-**	**-**	**451,184**

(f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's potential concentration of credit risk consists mainly of cash deposits with banks. The Company's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the balance sheet date. The Company considers the credit standing of counterparties when making deposits to manage the credit risk.

Considering the nature of the business at present none of such liabilities are past due, the Company believes that the credit risk is not material to the Company's operations.

(g) Fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values.

(i) The Company's available for sale financial asset (AFS) (carried at Fair value) are measured by "Level 1" fair value measurements – meaning that they are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel

(i) Directors

The following persons were directors of Ishine International Resources Limited during the financial year:

Mr Yunde Li	Executive Chairman (Appointed 18 September 2009)
Mr Chuanshui (Frank) Yin	Non-executive Director (Appointed 15 November 2016, former CEO)
Mr Keong Chan	Non-executive Director (Appointed 15 November 2016)
Mr Naiming (James) Li	Non-executive Director (Appointed 18 September 2009; Resigned 15 November 2016)
Mr Mark Muzzin	Non-executive Director (Appointed 1 February 2010; Resigned 15 November 2016)

Notes to the Financial Statements (Cont'd)

(ii) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

Mr Chuanshui (Frank) Yin	Chief Executive Officer up till appointment as Non-executive Director on 15 November 2016
Mr Leonard Math	Company Secretary (Appointed 18 September 2009; Resigned 15 November 2016)
Mr Keong Chan	Company Secretary (Appointed 15 November 2016)

(b) Key management personnel compensation

	Company	
	31 December 2016	31 December 2015
	$	$
Short-term benefits	214,250	242,925
Post-employment benefits	-	8,550
Share-based payments	-	11,917
	214,250	263,392

(c) Equity interests in related parties

Equity interests in associates

No equity interest in related parties in the current or prior financial period.

(d) Transactions with key management personnel

Key management personnel compensation

Details of key management personnel compensation are provided in the Remuneration Report of the Directors' Report.

Loans to key management personnel

There were no loans to key management personnel during the current or prior period.

20. RELATED PARTY TRANSACTIONS

(a) Key management personnel equity holdings

(i) Fully paid ordinary shares

	Balance at start of period	Granted as compensation	Balance at end of period
	No	No	No
31 December 2016			
Directors			
Mr Yunde Li	10,000,000	-	10,000,000
Mr Keong Chan	-	-	-
Mr Naiming (James) Li	-	-	-
Mr Mark Muzzin	-	-	-
Chuanshui Yin(ii)	1,020,000	-	1,020,000
Executives			
Leonard Math (i)	100,000	-	-

(i) Shares were issued to GDA Corporate (which merged with Nexia Perth in October 2015) of which Leonard Math is an employee.

(ii) The 1,020,000 includes 900,000 shares which Chuanshui Yin is entitled to as part of his share based payments. However, none of the 900,000 shares were issued as at balance date. (Refer Note 21 for more details).

Notes to the Financial Statements (Cont'd)

	Balance at start of period	Granted as compensation	Balance at end of period
	No	No	No
31 December 2015			
Directors			
Yunde Li	10,000,000	-	10,000,000
Naiming Li	-	-	-
Mark Muzzin	-	-	-
Executives			
Chuanshui Yin (ii)	720,000	300,000	1,020,000
Leonard Math (i)	100,000	-	100,000

(i) Shares were issued to GDA Corporate (which merged with Nexia Perth in October 2015) of which Leonard Math is an employee.

(ii) Balance of 1,020,000 includes 900,000 shares which Chuanshui Yin is entitled to as part of his share based payments. However, none of the 900,000 shares were issued as at balance date. (Refer Note 21 for more details).

(b) Transactions with other related parties

Mr Naiming (James) Li is the director and beneficiary of Pacway Investments Pty Ltd. Pacway Investments Pty Ltd received $25,000 from Ishine in settlement of clearing all outstanding and accrued director's fees up till his resignation on 15 November 2016.

Mr Mark Muzzin is a partner of the partnership M & C Muzzin. M & C Muzzin received $25,000 from Ishine in settlement of clearing all outstanding and accrued director's fees up till his resignation on 15 November 2016.

A total of $18,500 payments were made to Charterhouse Capital Pty Ltd, company of which Mr Chan is a director of for his provision of company secretarial and directorship fees. $7,000 out of the $18,500 is prepaid fees for month of January 2017.

A total of $35,750 payments were made to Nexia Perth, company which Mr Math was an employee of. They included fees for tax, accounting and company secretarial services. Details are set out in Key Terms of Employment Contracts.

The Company leased an office at 149/311 Hay Street, East Perth which belongs to New Elements Group Pty Ltd, a company which Chuanshui (Frank) Yin is a director of. No formal lease agreement was entered into between the parties. The office was rented on $3,000 per month on a monthly basis up till November 2016. In December 2016, New Elements Group Pty Ltd received $27,000 from Ishine in settlement of previously accrued rent. The balance has been agreed to be written off.

Mr Chuanshui (Frank) Yin is a director of Ausrich Resources Pty Ltd. Ausrich Resources Pty Ltd received consulting fees of $70,000 (on behalf of Mr Yunde Li) and $30,000 (on behalf of Mr Yin) during the year ended 31 December 2016.

	31 December 2016	31 December 2015
(c) Loan from major shareholder		
Loan from major shareholder	325,323	227,990

The loan has been provided by the major shareholder, Add New Energy Investment Holdings Group Limited (formerly China Zhongsheng Resources Holdings Limited). The loan is unsecured, non-interest bearing and repayable on demand. On 10 February 2017, the Company repaid the loan in its entirety and no further recourse is available to Add New Energy Investment Holdings Group Limited which is a related entity to Mr Yunde Li.

Notes to the Financial Statements (Cont'd)

(d) Immediate and Ultimate Controlling Entity
The immediate controlling entity of the Company as at 31 December 2016 and 2015 was Shandong Ishine Mining which owned 30.22% (31 December 2015: 69.51%) of the Company's shares. The ultimate controlling entity as at 31 December 2016 and 2015 was Add New Energy Holdings Limited which indirectly hold equity shareholding in the Company as the immediate controlling entity.

21. SHARE BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the year ended 31 December 2016 is shown in the table below:

	31 December 2016 $	31 December 2015 $
Expense arising from equity-settled share based payment transactions for employees	-	11,917
	-	11,917

The fair value of share based payment is based on company share price of $0.22/share at grant date 1 December 2012, there are no vesting conditions apart from the CEO fulfilling his service period, and no dividend yield has been included.

(b) Types of share-based payments

There were 900,000 shares to which the CEO Mr Chuanshui Yin was entitled in accordance with his employment contract effective 1 December 2012, based on his completion of his third full year of service as at the date of this report. The service criteria as below:

1) On full service of first year - 300,000 shares;
2) On full service of the second year - 300,000 shares;
3) On full service of the third year - 300,000 shares;

At balance date, none of the above approved shares were issued.

There are no options over unissued ordinary shares.

A summary of the movements of all company options issues is as follows:

	31 December 2016		31 December 2015	
	Number of options	Weighted Average exercise price $	Number of options	Weighted Average exercise price $
Balance at beginning of period	-	-	5,000,000	0.20
Granted	-	-	-	
Lapsed	-	-	5,000,000	(0.20)
Exercised	-	-	-	
Balance at end of year	-	-	-	-
Exercisable at end of year	-		-	

Notes to the Financial Statements (Cont'd)

22. REMUNERATION OF AUDITORS	**31 December 2016 $**	**31 December 2015 $**
During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:		
Audit services		
Audit or review of financial reports		
- Bentleys Audit and Corporate (WA)	12,342	-
- PricewaterhouseCoopers	9,180	34,270
	21,522	34,270

23. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 31 December 2016 (2015: None).

24. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

In February 2017, the Company repaid in full the $325,323 loan from Add New Energy Investment Holdings Group Limited (formerly China Zhongsheng Resources Holdings Limited).

No other matters or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

Directors' Declaration

In the directors' opinion:

(a) the attached financial statements and notes set out on page 16 to 39 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 entity's financial position as at 31 December 2016 and of its performance for the 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.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer equivalent required by s.295A of the *Corporations Act 2001.*

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

On behalf of the Directors

Mr Keong Chan
Director
29 March 2017

Independent Auditor's Report

To the Members of Ishine International Resources Limited

Bentleys
THINKING AHEAD

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ishine International Resources Limited ("the Company") which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Financial Assets - $332,000 (refer to Note 10)	
The Company has an investment in a financial instrument that is classified as an available-for-sale investment in equity shares. This investment is measured at fair value with the corresponding fair value changes recognized in other comprehensive income. The Company's available for sale asset is measured by "Level 1" fair value measurements under *AASB 13 "Fair Value Measurement"* meaning they are derived from quoted prices in active markets for identical assets or liabilities.	Our procedures in relation to the valuation of Financial Assets included: - Evaluating management's use of Level 1 inputs by confirming the share price of the equity instruments to external sources; - Enquiring whether there have been any purchases or sale of shares during the year and confirming the number of shares held at the end of the financial year to external sources; - Performing mathematical accuracy checks on the valuation of the Financial Assets and the fair value gain recognized through Other Comprehensive Income; - Assessing whether there are any indicators that suggest the Financial Asset is impaired at and post 31 December 2016.
Cash at Bank - $1,160,747 (refer to Note 7)	
There is a risk that cash is overstated because non-existent cash receipts have been recorded, cash receipts have been reported at an amount higher than actual receipts; or cash disbursements have not been recorded. We identified that there was a material increase in cash at bank during the year resulting from capital raising.	Our procedures in relation to Cash at Bank included: - Obtain a copy of all the year-end bank reconciliations confirming there were no reconciling items; - Confirmed the Cash at Bank balances to the bank audit certificates received.
Loan from Major Shareholder - $325,323 (refer to Note 20c)	
We identified that this loan was provided by the major shareholder, Add New Energy Investment Holdings Group Limited, which is a related entity to Mr Yunde Li. The Company drew down a further $97,333 during	We inquired management on the nature of the loan whom confirmed that it was provided for working capital purposes. We confirmed the receipt of $97,333 during the year to the bank statements.

the financial year. The specific risks we identified surrounding the loan relate to the rights & obligations of the Company in repaying the loan and whether the loan payable has been accurately stated at year end. Furthermore, as disclosed in Note 24 this loan was repaid in full in February 2017.	No formal loan agreement was entered in to stating the terms of the loan, however we obtained representation from management confirming that this loan was non-secured and interest free. We confirmed that the loan was repaid subsequent to year end by performing year-end cut off procedures and confirming the payment to the bank statement. We obtained confirmation from Add New Energy Investment Holdings Group Limited stating that the loan payable as at year end was $325,323 and that it has been fully repaid subsequent to year end with no further amounts owing.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Ishine International Resources Limited, for the year ended 31 December 2016, complies with section 300A of the Corporations Act 2001.

Bentleys

BENTLEYS
Chartered Accountants

Chris Nicoloff

CHRIS NICOLOFF CA
Director

Dated at Perth this 29th day of March 2017

Corporate Governance Statement

The board of directors of Ishine International Resources Limited (Ishine or company) is responsible for the corporate governance of the company and is committed to applying the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (ASX Principles). The board guides and monitors the business and affairs of Ishine on behalf of the shareholders by whom they are elected and to whom they are responsible.

In establishing this framework, the Board has considered and reports against the Corporate Governance Principles and Recommendations (3rd Edition) as published by the ASX Corporate Governance Council (ASX Corporate Governance Principles).

This Corporate Governance Statement has been approved by the Ishine's Board and summarises the corporate governance practices and procedures the Company on 27 March 2017.

The ASX Corporate Governance Principles are not prescriptive and if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to adopt it. Where Ishine considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this Corporate Governance Statement.

With the exception of the departures detailed in this Corporate Governance Statement, the corporate governance practices of the Company are compliant with the ASX Corporate Governance Principles (3rd Edition).

To ensure the board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the board.

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

1. Board of Directors of the Company

1.1. Role of the Board

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

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

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

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

1.2. Composition of the Board

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

As at the date of this report, the Board is comprised of three (3) non-executive Directors.

The Company recognises the importance of non-executive Directors and the external perspective and advice that non-executive Directors can offer. The Board criteria adopted by the Company when assessing the independence of a director is in line with ASX Recommendations.

Name	Role	Non-executive	Independent	Date of Appointment
Mr Yunde Li	Non-Executive director	Yes	No	18 Sep 2009
Mr Keong Chan	Non-Executive director	Yes	Yes	15 Nov 2017
Mr Frank Yin	Non-Executive director	Yes	No	15 Nov 2017

All Directors bring to the Board the requisite skills which are complementary to those of the other Directors and enable them to adequately discharge their responsibilities and bring independent judgements to bear on their decisions.

The following measures are in place to ensure the decision making process of the Board is subject to independent judgements:-

- The role of the Chair and the CEO are not exercised by the same individual.
- A standard item on each Board meeting agenda requires Directors to focus on and declare any conflicts of interest in addition to those already declared;
- Directors are permitted to seek the advice of independent experts at the Company's expense, subject to the approval of the Chairman;
- All Directors must act all times in the interest of the Company; and
  Directors meet as required independently of executive management

Before appointing a new Director, the Company will undertake appropriate checks such as a character reference, police clearance certificate, bankruptcy check and any other check it deems appropriate. Where a Director is to be re-elected or a candidate is put up for election to shareholders, all material information will be provided to shareholders for consideration.

To ensure that Directors clearly understand the requirements of their role, formal letters of appointment are provided to them.

To ensure that Executive Directors clearly understand the requirements of the role, service contracts and formal job descriptions are provided to them.

1.3. Responsibilities of the Board and Company Secretary

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

The principal functions and responsibilities of the Board together with full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available in the corporate governance section of the Company's website.

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

1.4. **Code of Conduct and Other Board Policies**

1.4.1. Code of Conduct

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

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

1.4.2. Conflicts of Interest

Directors must:

(a) disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and

(b) if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

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

1.4.3. Commitments

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

1.4.4. Confidentiality

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

1.4.5. ***Continuous Disclosure***

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company's Continuous Disclosure Policy reinforces the Company's commitment to continuous disclosure and outlines individual responsibilities, accountabilities and the processes to be followed for ensuring compliance.

A copy of the Continuous Disclosure Policy is available in the corporate governance section of the Company's website.

1.4.6. Education and Induction

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

(a) details of the respective rights, duties, roles and responsibilities of a Director and senior executives of the Company;
(b) formal policies on director appointment as well as conduct and contribution expectations;
(c) formal policies on director interaction with each other, senior executives and other stakeholders;
(d) access to a copy of the Board Charter and all corporate governance documents;
(e) guidelines on how the Board processes function;
(f) details of past, recent and likely future developments relating to the Board;
(g) background information on and contact information for key people in the organisation;
(h) an analysis of the Company (including the Company's financial position, operations and risk management policies);
(i) a synopsis of the current strategic direction of the Company;
(j) a copy of the Constitution of the Company;
(k) meeting arrangements; and
(l) details on the culture and values of the Company.

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

1.4.7. Independent Professional Advice

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

1.4.8. Related Party Transactions

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

1.4.9. Shareholder Communication

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

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

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

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

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

1.4.10. Trading in Company Shares

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

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

The policy stipulates that the only appropriate time for a Director or employee to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market. As a general rule, any Director, employee, or contractor is not permitted to deal in Company securities in the two (2) week period prior to and forty eight (48) hours after the:

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

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

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

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

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

A copy of the Company's Securities Trading Policy is available in the corporate governance section of the Company's website.

1.4.11. Performance Review/Evaluation

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

During the year, performance evaluation of the Board was not undertaken.

The board recognises the importance of a formal performance evaluation but as because of the size and nature of the company, the board believes that a formal performance evaluation is not required at this point in time. As the company grows and develops it will continue to consider the efficiencies and merits of a formal performance evaluation of the board, its committees and individual directors.

1.4.12. Attestations by CEO and CFO

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

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

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

Other specific policies have been developed to support the Code. These policies include:

(a) Criminal Convictions;
(b) Indigenous Affairs;
(c) Environment; and
(d) Diversity.

1.4.13. *Diversity*

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

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

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

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

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

During the financial year, the Company currently had 3 employees, 2 of whom are female. Further, there are no females on the Company's Board. If and when an opportunity to recruit at Board or Company level arises, the Company will consider such recruitment in accordance with its measurable objectives.

2. Board Committees

2.1. Audit Committee

Due to the size and scale of its operations (the Board only consists of three (3) members) the Company does not have a separate audit committee. It is the Board's view that an Audit Committee would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and it cannot be justified based on a cost benefit analysis. As a consequence, the Company does not satisfy ASX Recommendation that requires the Committee to consist of non-executive directors, a majority of whom are independent. The Company will consider a separate committee as the need arises.

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

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

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

2.1.1. Role

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

2.1.2. Responsibilities

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

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

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

2.1.3. Risk Management Policies

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

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

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

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

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

2.2. Remuneration Committee

2.2.1. Role

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

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

As the whole Board only consists of three (3) members, the Company does not have a Remuneration Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. As a consequence the Company does not satisfy ASX Recommendation in that is does not consist of a majority of independent directors. The Company will consider a separate committee as the need arises.

2.2.2. Responsibilities

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

2.2.3. Senior Executive Remuneration Policy

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

(a) fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
(a) participation in any share/option scheme with thresholds approved by shareholders; and
(b) statutory superannuation.

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

The value of shares and options were they to be granted to senior executives would be calculated using the Black and Scholes or Binomial Option Pricing model.

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

2.2.4. Non-executive Director Remuneration Policy

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

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

2.2.5. Current Director Remuneration

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

_2.3._ Nomination Committee

2.3.1. Role

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

As the whole Board only consists of three (3) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.3.2. Responsibilities

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

2.3.3. Criteria for selection of Directors

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

_2.4._ Risk Committee

Due to the size and scale of the Company, during the year the Board has not established a sub-committee to undertake the responsibilities normally undertaken by a Risk Committee.

The Board is responsible for ensuring that risks, as well as opportunities are identified on a timely basis and receive an appropriate and measured response, recognising however that no cost effective internal control system will preclude all errors and irregularities.

The Company currently is not subject to any material exposure to environmental and social sustainability risks. The principal areas of risk for the Company are in:-

- occupational health and safety and work related safety risks; and

- financial risk in the areas of maintaining sufficient funding for the continuation of operations and risks related to fraud, misappropriation and errors.

The Board will review the effectiveness of implementation of the risk management system and internal control system at least annually. When reviewing risk management policies and internal control system the Board should take into account the Company's legal obligations and should also consider the reasonable expectations of the Company's stakeholders, including security holders, employees, customers, suppliers, creditors, consumers and the community.

2.4.1 Internal Audit

The Company does not currently have an internal audit function. Once the Company is at a size and scale that warrants an internal auditor or nears production status, the Board will be responsible for the appointment and overseeing of the internal auditor.

Ishine has adopted a policy requiring the chief executive officer and chief financial officer to state to the board in writing to the best of their knowledge the integrity of the financial statement is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

ASX Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 28 March 2017.

(a) Distribution of equity securities

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

			Ordinary shares Number of holders
1	-	1,000	5
1,001	-	5,000	5
5,001	-	10,000	112
10,001	-	100,000	95
100,001		and over	85
			302

(b) Twenty largest shareholders

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

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares %
1	SHANDONG ISHINE MINING	63,151,291	30.22%
2	ILWELLA PTY LTD	11,818,182	5.66%
3	SILKTREE INVESTMENTS PTY LTD	10,239,031	4.90%
4	MR RUPERT NIGEL CHEONG	10,238,956	4.90%
5	MR LI YUNDE	10,000,000	4.79%
6	MR RICHARD GORDON WHITTLESTON	9,329,874	4.46%
7	LC ALLIANCE PTY LTD	8,181,818	3.92%
8	SLAM CONSULTING PTY LTD	4,000,000	1.91%
9	ENVIROLEC PTY LTD	3,636,364	1.74%
10	SCHAMMER PTY LTD	3,636,364	1.74%
11	MR DAVID JAMES WALL	3,181,818	1.52%
12	AUSRICH RESOURCES PTY LTD	3,170,000	1.52%
13	JAF CAPITAL PTY LTD	2,727,273	1.31%
14	POINTCIANA PTY LTD	2,727,273	1.31%
15	RIMOYNE PTY LTD	2,727,273	1.31%
16	FINNIAN GROUP PTY LTD	2,727,273	1.31%
17	MR JOEL PETER FISHLOCK	2,727,273	1.31%
18	TELL CORPORATION PTY LTD	2,200,000	1.05%
19	TETS PTY LTD	2,000,000	0.96%
20	DINHEIRO INVESTMENTS PTY LTD	2,000,000	0.96%
		160,420,063	76.80%

Voting rights

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

ASX Additional Information

(c) Substantial shareholders

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

	Number of Shares
SHANDONG ISHINE MINING INDUSTRY CO LTD	63,151,291
ILWELLA PTY LTD	11,818,182

(d) Tenement Schedule

State	Tenement Number	Date Applied	Size, km^2	Locality	Status	Target Minerals
WA	E39/1582	24-Jun-10	18	Laverton	**Granted**	Ni, Au
Summary	**1 Tenement**		**18 km^2**	**WA**		**Ni, Au**