

SHREE MINERALS LIMITED

ACN 130 618 683

2011 ANNUAL REPORT

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SHREE MINERALS LTD

CORPORATE DIRECTORY

DIRECTORS

Sanjay Loyalka
Mahendra Pal
Arun Kumar Jagatramka
Andy Lau
Amu Shah

COMPANY SECRETARY

Stephen Ledger (resigned 20 July 2011)
Sanjay Loyalka (appointed 20 July 2011)

REGISTERED OFFICE

Unit 4
The Pines Business Centre
86 -88 Forrest Street
Cottesloe
WA 6011
Ph: (08) 61612068
Fax: (08) 93855194

SOLICITORS

Steinepreis Paganin
Level 4
16 Milligan St
Perth WA 6000

AUDITORS

Grant Thornton Audit Pty Ltd
Lv 1, 10 Kings Park Road
West Perth WA 6005

BANKERS

Commonwealth Bank of Australia
St Georges Tce
Perth WA 6000

SHREE MINERALS LTD

DIRECTORS' REPORT

The Directors present this report together with the financial report of Shree Minerals Ltd ('the Company') for the year ended 30th June 2011 and the auditors' report thereon.

DIRECTORS

The names of the Directors in office at any time during or since the end of the year are:

Mr Sanjay Loyalka (Appointed 14 April 2008)
Mr Mahendra Pal (Appointed 26 August 2008)
Mr Arun Jagatramka (Appointed 30 June 2009)
Mr Andy Lau (Appointed 18 November 2009)
Mr Amu Shah (Appointed 4 March 2011)

COMPANY SECRETARY

Mr Stephen Ledger (Resigned 20 July 2011)
Mr Sanjay Loyalka (Appointed 20 July 2011)

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year consisted of mineral exploration and development.

There have been no significant changes in these activities during the financial year.

OPERATING RESULTS

The net loss of the Company after providing for income tax amounted to \$335,033 (2010: \$308,743).

DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

REVIEW OF OPERATIONS AND ACTIVITIES

Shree Minerals Ltd's (the Company or Shree) exploration activities are confined to the State of Tasmania where it has 5 Exploration Licenses. The Company was formed in April 2008 and listed on the Australian Securities Exchange in February 2010. Since inception, the Company has actively explored for iron and gold at its Nelson Bay River and Sulphide Creek tenements respectively and has been examining the remaining tenement lands for their mineral potential.

The Company's exploration activities over the past year have included:

Exploration at Nelson Bay River Iron Project (NBR)

The exploration activities included data review, geological reconnaissance, estimation of iron ore resources (based on earlier drilling) for the Nelson Bay River Project, metallurgical studies, drilling, field visits of tenements, statutory reporting, etc.

Drilling

During the year FY 2010-2011, drilling of 1568 m (1259 m RC along 23 holes for resource delineation, 236 m RC along 6 holes for ground water studies and 73 m PQ diamond drilling for metallurgical studies) along 32 holes (Table 1 and Figure 2). From the resource, delineation drilling 280 samples were collected and analysed. Additionally, surveying, logging of drill cuttings, magnetic susceptibility reading, weighing a series of samples for density determinations, some geological mapping, significant upgrading of access tracks and preparation of drill sites was under taken.

Table 1: NBR 2011 drilling summary

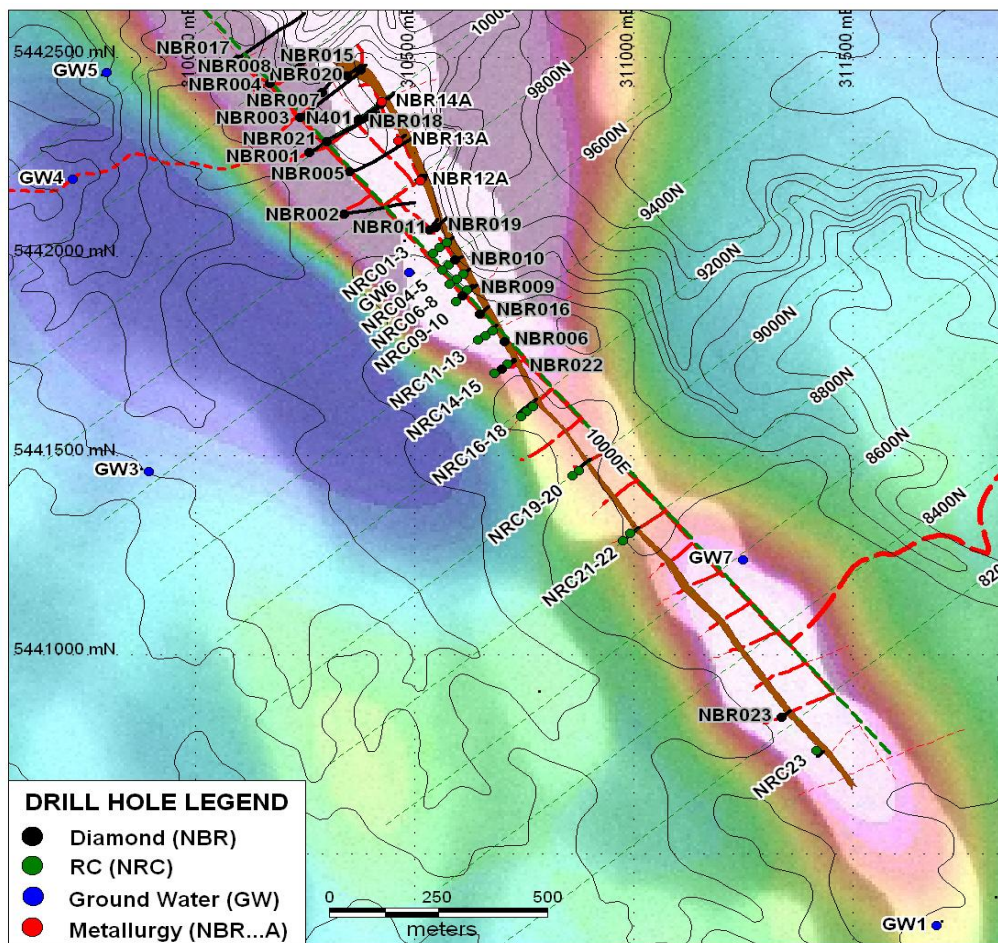
Hole_ID	East MGA94	North MGA94	RL (m)	Azimuth	Dip	Depth (m)	Section	Date Commenced	Date Completed
RC Resource drilling									
NRC01	310573	5442036	81.0	50	-45	27	9650	9/03/2011	10/03/2011
NRC02	310556	5442023	85.4	50	-45	48	9650	10/03/2011	10/03/2011
NRC03	310541	5442010	88.3	50	-45	69	9650	10/03/2011	11/03/2011
NRC04	310577	5441980	87.7	50	-55	55	9600	15/03/2011	16/03/2011
NRC05	310562	5441968	90.6	50	-55	74	9600	16/03/2011	17/03/2011
NRC06	310612	5441956	85.0	50	-55	33	9550	17/03/2011	17/03/2011
NRC07	310597	5441944	88.8	50	-55	55	9550	17/03/2011	18/03/2011
NRC08	310580	5441931	91.2	50	-55	74	9550	18/03/2011	22/03/2011
NRC09	310620	5441917	90.1	50	-55	40	9500	22/03/2011	22/03/2011
NRC10	310595	5441888	92.8	50	-55	74	9500	22/03/2011	24/03/2011
NRC11	310679	5441815	95.3	50	-55	27	9400	24/03/2011	24/03/2011
NRC12	310661	5441801	95.9	50	-55	52	9400	24/03/2011	25/03/2011
NRC13	310644	5441792	96.1	50	-55	64	9400	28/03/2011	28/03/2011
NRC14	310682	5441708	99.1	50	-55	79	9300	29/03/2011	31/03/2011
NRC15	310712	5441731	99.2	50	-55	34	9300	31/03/2011	31/03/2011
NRC16	310743	5441599	100.4	50	-55	82	9200	31/03/2011	31/03/2011
NRC17	310756	5441612	100.3	50	-55	62	9200	0/01/1900	0/01/1900
NRC18	310771	5441624	100.2	50	-55	30	9200	4/04/2011	4/04/2011
NRC19	310875	5441462	100.2	50	-55	41	9000	4/04/2011	5/04/2011
NRC20	310861	5441451	100.2	50	-55	74	9000	5/04/2011	5/04/2011
NRC21	310993	5441305	99.9	50	-55	46	8800	5/04/2011	6/04/2011
NRC22	310976	5441288	100.0	50	-55	67	8800	6/04/2011	6/04/2011

SHREE MINERALS LTD

DIRECTORS' REPORT

NRC23	311416	5440759	101.0	50	-55	52	8100	6/04/2011	7/04/2011
Sub Total						1259			
RC Hydrological drilling									
GW1	311703	5440331	110.3	0	-90	35		11/04/2011	11/04/2011
GW3	309894	5441462	80.6	0	-90	35		14/04/2011	14/04/2011
GW4	309716	5442199	73.4	0	-90	35		14/04/2011	14/04/2011
GW5	309788	5442458	63.0	0	-90	28		13/04/2011	13/04/2011
GW6	310487	5441962	89.0	0	-90	35	9600	14/04/2011	15/04/2011
GW6A	310459	5441935	89.3	0	-90	33	9600	14/04/2011	14/04/2011
GW7	311249	5441240	101.4	0	-90	35	8600	12/04/2011	13/04/2011
Sub Total						236			
PQ diamond drilling (metallurgical drilling)									
NBR12A	310513	5442192	81.2	50	-50	22.7	9800	28/04/2011	29/04/2011
NBR13A	310462	5442292	82.3	50	-50	28.9	9900	18/04/2011	21/04/2011
NBR14A	310425	5442389	81.4	50	-50	21.3	10000	26/04/2011	27/04/2011
Sub Total						72.9			
Total						1567.9			

Figure 1: Nelson Bay River Iron Project drillhole location plan



DIRECTORS' REPORT

Resource Estimation

A Resource estimation based on information from 24 diamond holes drilled for 2,512.96 metres was made by the independent geological consultants Hellman & Schofield Pty Ltd according to the JORC Guidelines. The Resource modelling included the generation of mineral wireframes based on geological logging and nominal iron or magnetite cut off grades. Ordinary Kriging was used on 1m composites from within the wireframes to generate block models. The Resource estimation was carried out prior to drilling in FY2010-11. The resource estimates for the different ore types are tabulated below (Tables 2 to 4):

Table 2: Iron Resource Estimates at Nelson Bay River Iron Project

Resource Category	Mass (Mt)	Fe %
Indicated	1.8	38.6
Inferred	10.8	35.6
Total	12.6	36.1
<i>Note: The resource estimate includes the magnetite resource material and is estimated using a 30% Fe cut off and with an average density of 3.5 t/m³;</i>		

Table 3: Magnetite Resources at Nelson Bay River Iron Project

Resource Category	Mass (Mt)	Mag% (DTR)	Contained Magnetite (Mt)
Indicated	1.7	38.5	0.7
Inferred	6.1	38.2	2.3
Total	7.8	38.3	3.0
<i>Note: The resource estimate is based on 20% magnetite (DTR) cut off and with an average density of 3.71 t/m³. DTR = Davis Tube Recovery</i>			

Table 4: Goethite-Hematite Resources at Nelson Bay River Iron Project

Area	Mass (Mt)	Grade (%)							Remarks
		Fe	SiO ₂	Al ₂ O ₃	P	S	LOI	Fe (Cal)	
NBR South	0.5	57.8	8.8	1.4	0.06	0.03	6.3	61.7	DSO
NBR North	0.7	46.8	23.7	2.7	0.02	0.07	4.7	49.1	Beneficiable material
Total	1.2	51.0	18.0	2.2	0.04	0.05	5.3	53.9	
<i>Note: The resource estimate is estimated at 30% Fe cut off and with an average density of 3 t/m³; The Fe (Cal) grade is the calcined iron grade with the loss on ignition material removed from the block grade value [Fe_Cal = Fe / (100 - LOI)]. The resources are of Inferred Category.</i>									

Metallurgical Studies

A total of 3 PQ diamond drill holes, namely NBR 12A, 13A, and 14A, for 72.9 m were drilled in the BFO zone defined earlier by 2009 diamond drilling program above the proposed deep magnetite pit (Figures 3 and 5). From this drilling, based on material characteristics, two composite samples for metallurgical testing were prepared. Composite one consists of cores from drill holes 13A and 14A, while the second composite was made from core of drill hole 12A. The significant results of the tests include that the composite of hole 13A & 14A was upgradeable to 56.1 % Fe by a dry low intensity magnetic separation (LIMS) with recovery of 83.6% (Table 5).

Table 5: Significant Metallurgical Test Results

COARSE COBBING - DRY LIMS TEST @ P100 1.0mm															
DRY LIMS @ 100 GAUSS	FRACTION WEIGHT (Kg)	Wt. DISTn. (%)	Fe	SiO ₂	Al ₂ O ₃	CaO	MnO	P	S	MgO	Na ₂ O	Zn	TiO ₂	K ₂ O	LOI-1000
			Fe	SiO ₂	Al ₂ O ₃	CaO	MnO	P	S	MgO	Na ₂ O	Zn	TiO ₂	K ₂ O	LOI-1000
			Grade (%)	Grade (%)	Grade (%)	Grade (%)	Grade (%)	Grade (%)	Grade (%)	Grade (%)	Grade (%)	Grade (%)	Grade (%)	Grade (%)	Grade (%)
Mags	14.17	83.6	56.10	11.90	1.72	0.01	1.39	0.010	0.039	0.40	0.019	0.007	0.051	0.048	2.90

Other tenements' status

During the year, the company agreed with Mineral Resources Tasmania (MRT) to not apply for renewal of Exploration Licence at Adamsfield (11/2006) which expired in June 2011 as the tenement now falls within World Heritage area and the Australian Government has decided to compensate the Company with an *exgratia* payment of \$76,000 (incl GST) for past exploration expenditure on the tenement.

Additionally, several field trips to tenements were made and after detail examination of prospect geological setting and logistics, the Catamaran Coal (EL32/2005) tenement was relinquished.

All other Licences continue to remain in good standing.

Results

The work performed to date, strengthen the Company's belief that the Nelson Bay River Project has the potential to produce the following:

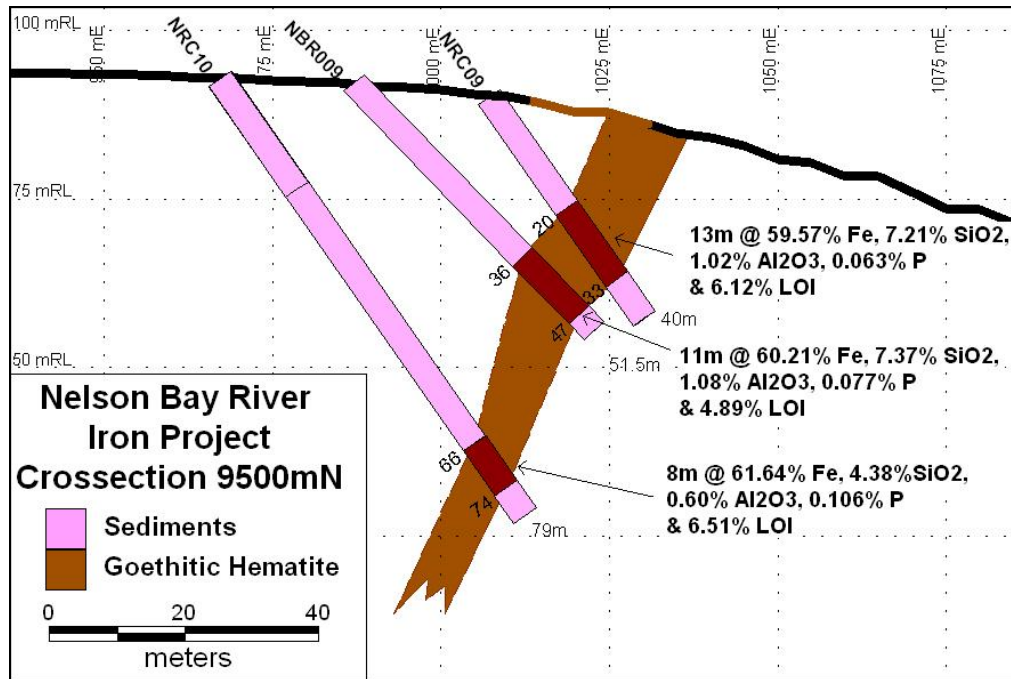
1. **Direct Shipping iron Ore (DSO)**, with very low deleterious elements
2. **Iron Ore product (Fines & Lump)** from Beneficiable goethitic-hematite iron resource.
3. **Magnetite concentrates suitable for Dense Media separation in coal washery and high-grade Blast Furnace pellets.** Recent Davis tube recovery results carried of drilling in 2010 show improved magnetite concentrate grades over previous results. The following is an average of 2010 results

Fe	SiO ₂	Al ₂ O ₃	S
%	%	%	%
70.0	1.9	0.2	0.1

Drilling during FY2010-11 has extended presence of goethitic-hematite mineralisation (DSO) across the strike, width and in depth to greater than 60 m at the NBR Project (Figure 2).

DIRECTORS' REPORT

Figure 2: Cross section showing extent of iron mineralisation

*Exploration at Sulphide Creek Project (SC)*

Following encouraging drilling results in 2010, (Table 6) added with the equally encouraging historical information, the Company commissioned consultants Hellman & Schofield Pty Ltd to undertake a data compilation and review of all available information on the Sulphide Creek tenement (EL43/2004) and environs for area's potential for gold mineralisation.

Structurally controlled gold mineralisation within the licence area is intersected at the Coupon and Davie prospects. The mineralisation target for the Sulphide Creek licence is large scale, structurally controlled gold mineralisation associated with major lithological contacts juxtaposed with the Harvey Creek Fault (Figure 3).

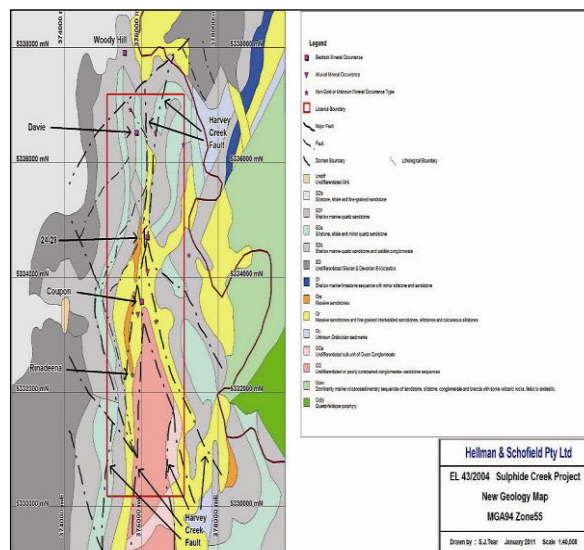


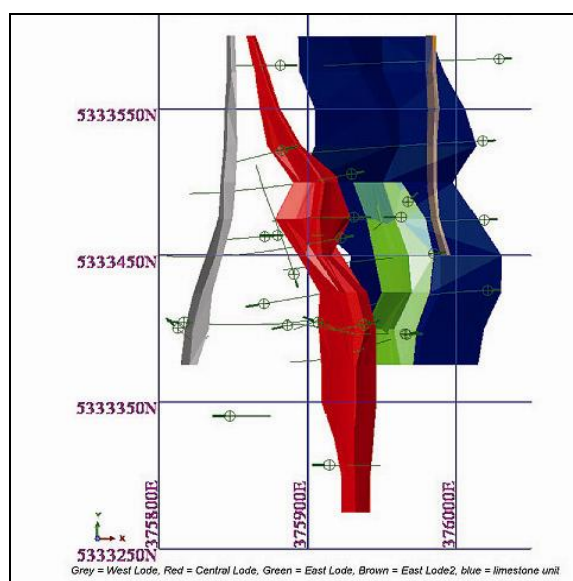
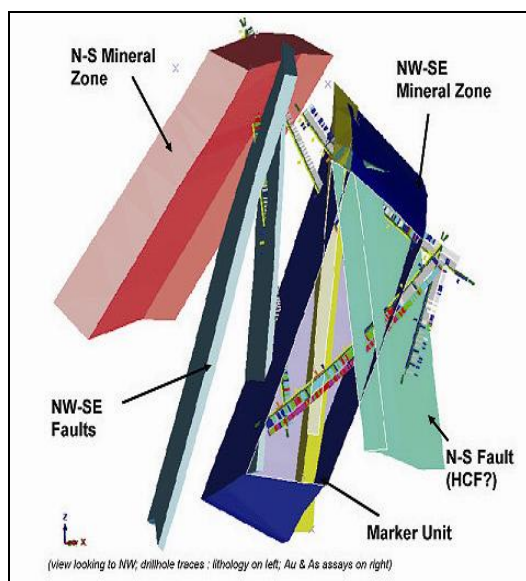
Figure 3: Geology of Sulphide Creek tenement

Table 6: Significant gold intersection along drillhole (2010 drilling)

Hole ID	Location m (AGD 66)		Location (m)		Intersection (m)	Grade g/t
	Northing	Easting	From	To		
SCDDH4	375689.5	375689.5	19	37.5	18.5	0.5
Includes			31.5	34.5	3	1.26
SCDDH5	375689.4	375689.4	37	51	14	0.53
			39	51	12	0.55
			159	168	9	0.88
Includes			164	167	3	1.29
			181	183	2	0.6

Study findings

The study involved an exhaustive examination of all available historical information, assessment of Mineral Resources Tasmania (MRT) geophysical data and 3D interpretation of tenement drilling (Figures 4 & 5). Subsequently, drill targets for the Sulphide Creek tenement (Figures 6 -8) were defined.



Source: H & S

Figure 4: Davie Prospect 3D Interpretation Figure 5: Coupon Prospect 3D Interpretation Plan

Area potential

The assumptions from the work done to date are that there is a large zone of diffuse mineralisation including pervasive silica alteration associated with a complex fault pattern (NW, NE and N-S structural interaction) immediately proximal to the Harvey Creek Fault within the Rinadeena Formation and Lower Silurian clastic sediments (Figure 3).

The lack of tightly controlled high-grade gold mineralisation and the broad low-grade consistent mineralisation intersected in the historical drilling at Coupon and Shree drilling at Davie prospects suggest that there is exploration potential for a series of low-grade gold deposits within the Sulphide Creek area. Similarities in geological age, setting, and styles of gold mineralisation occurring at the Sulphide Creek and environs can be made with the South Carolina Slate Belt deposits of the Haile and Ridgeway mines. **Thus the gross exploration**

potential for the Sulphide Creek area could be of the order of 30-50Mt @ 0.75-1g/t gold for approximately between 0.72 to 1 million ounces. (Note: The potential quantity and grade is conceptual in nature, and that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.)

The suggested exploration strategy is to continue drilling on the Coupon and Davie prospects, generally following up either significant previous drill intercepts or untested surface geochemical anomalies. The suggested drill targets are aimed to intersect higher-grade gold mineralisation of substantial widths. Target coordinates and their plan positions are given in Figures 5-7 respectively.

Figure 6: Prospect 24-28 Target Map Figure 7: Coupon Prospect Target Map

Source: H & S

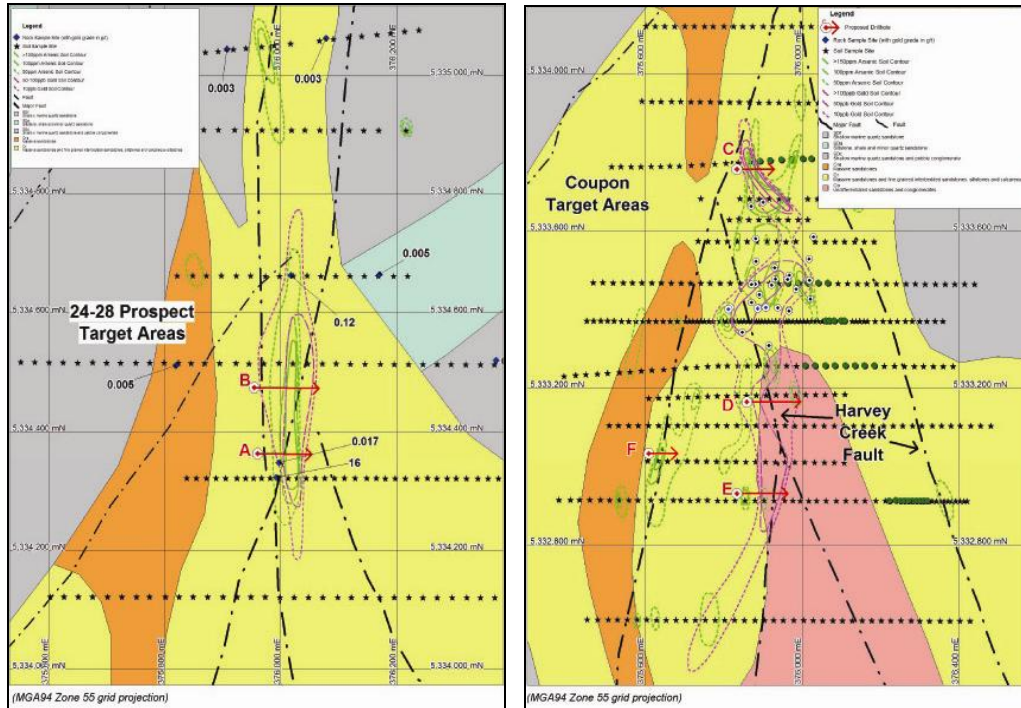
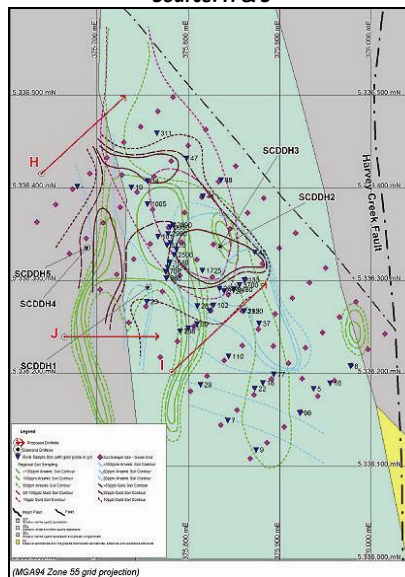


Figure 8: Davie Prospect Target Map

Source: H & S



DIRECTORS' REPORT

Outlook 2011/2012

Based on the encouraging exploration results, further to normal ongoing exploration activities, in the coming year following activities will be undertaken:

Nelson Bay River Iron Ore Project (EL41/2004 and EL54/2008)

- Upgrading resource estimates for goethitic-hematite and magnetite within the Nelson Bay River tenement (EL41/2004) using 2010/2011 drilling results
- Pursuing Approvals to commence the project.

Sulphide Creek and Mt Sorell

Following Geological Study by Hellman & Schofield of Sulphide Creek, a Geophysical study has been commissioned in FY2011-2012 by Cowan Geodata Services to help plan exploration activities.

Mt Bertha

In field checking of known geophysical targets, which will include, access, geological mapping, examination of target and tenement regolith, designing of geochemical sampling program.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

FINANCIAL POSITION

The net assets of the Company are \$7,723,202 (2010: \$7,721,270)

The Directors believe the Company is in a financial position to pursue its current operations.

AFTER BALANCE DATE EVENTS

On 15th July 2011 two partial underwriting agreements over options expiring on 30 June 2011 were completed and shares were issued. The total proceeds net of underwriting fees raised was \$1,092,500 for 5,750,000 shares. In addition 1,437,500 options expiring 30 June 2011 were exercised and issued on 15th July 2011, raising additional capital of \$287,500.

There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Company intends to continue to pursue its goals to acquire and explore mineral deposits and explore prospective tenements.

DIRECTORS' REPORT

ENVIRONMENTAL REGULATIONS

The Company holds various exploration licences to regulate its exploration activities in the State of Tasmania, Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities. So far as the Directors are aware there has been no known breach of the Company's licence conditions and all exploration activities comply with relevant environmental regulations.

DIRECTORS' INTERESTS

ORDINARY SHARES

FULLY PAID

Mr S Loyalka	25,415,000
Mr A Jagatramka	15,000,000
Mr M Pal	300,000
Mr A Lau	-
Mr A Shah	7,500,000

INFORMATION ON DIRECTORS

Mr Sanjay Loyalka, Executive Director BCom (Hon), CA (Appointed 14 April 2008)

Mr Sanjay Loyalka has experience in various functional roles including CEO, General Management and Corporate finance experience in mining and metals, manufacturing and logistics based industries in a multinational environment.

Mr Loyalka is the founder of Investment advisory firm IACG Pty Ltd in Australia which has been engaged in cross border M&A, strategic consulting as well as a mineral commodity trading business.

As the founding CEO and Managing Director, he was instrumental in the development of the Aditya Birla Group's operations within Australia. He led the acquisition of Nifty and Mount Gordon Copper mines, successful development of the Nifty Sulphide project (a remote site, 2.5 million tpa underground mine, concentrator plant and associated infrastructure) and operational restructure of Mont Gordon Copper Operations. These led to a successful listing of the Company on the Australian Securities Exchange under an IPO raising \$300 million and inclusion in the ASX S&P 300 index.

Mr Loyalka has been a member of the Executive Council of Chamber of Minerals & Energy (Western Australia) in 2005 and 2006.

Mr Arun Jagatramka, Non Executive Director BCom (Hons), FCA, AIMM (Appointed 30 June 2009)

Mr. Arun Kumar Jagatramka is a qualified Chartered Accountant with an all India 1st rank and gold medal. He has an industrial experience of more than 11 years in the production of coal and coke, besides a prior experience of more than 15 years in management consultancy and merchant banking. Widely regarded for his foresight and knowledge, he is an acknowledged expert in matter of coal and coke and has presented papers on the subject at number of International Conferences.

Mr. Arun Kumar Jagatramka is the Chairman and Managing Director of Gujarat NRE Coke Limited (India). Under his able guidance, Gujarat NRE Coke Limited has become the largest independent non captive producer of Met Coke in India – the only Indian entity to have moved backward into coal mine ownership in Australia and forward into steel making, coupled with wind energy and upcoming waste heat power generation. The Annual Compounded Growth of the company since inception is to the tune of 42% approx. with present market capitalisation of USD 0.5 Billion.

Mr. Arun Kumar Jagatramka is a member of a number of boards, Gujarat NRE Coking Coal Limited (Australia), Pike River Coal Limited (New Zealand), where Gujarat NRE group holds cornerstone stakes. He is also on the Board of Directors of Port Kembla Coal Terminal, Australian Coal Research Ltd, Wollongong Hawks as well as Executive Committee Member of NSW Minerals Council.

DIRECTORS' REPORT

He has been appointed as an honorary NSW 'Sydney Ambassador' to India. He is associated with the Confederation of Indian Industry (Western Region), an apex representative of Indian Industry, by way of heading sub-committees on 'Integrity India', 'International Affairs' besides being a member of 'Energy Panel', and 'Environment and Conservation' Sub-Committee.

Mr Mahendra Pal, Non Executive Director MSc, MSGAT (India) and FAusIMM (Australia) (Appointed 26 August 2008)

Mr Pal has an extensive management experience in the mining and exploration industry, both within Australia and overseas. He has worked across many commodities, including base metals, gold, uranium, iron, coal, oil shale, oil, and gas, among others.

In Australia, he started his career with the exploration and mining of uranium with Queensland Mines, a subsidiary of Kathleen Investment, Australia.

Mr Pal spent two periods working with Rio Tinto (erstwhile CRA), commencing in 1970. During this time he was Principal Geologist for Hamersley Iron Pty Limited, where he made several iron ore discoveries including, concealed iron ore bodies at the Mount Tom Price and Paraburdoo mines, and also worked in other senior management positions up until 1999. From 1980 to 1984, he worked for ESSO Australia as a Sr. Professional Geologist and Exploration Geologist for the Rundle Oil Shale Project feasibility study.

Besides company directorship, Mr Pal runs his own Geological Consultancy business. From 2000 to April 2007, he provided consulting services to several exploration/mining companies including Airon Energy, Centrex Metals, Rio Tinto Exploration, Hamersley Iron, Consolidated Minerals, Sinosteel Australia, Sinosteel Midwest Corporation, Sumitomo Corporation, Golden West Resources Ltd, Fairstar Resources Ltd, and NEX Metals Exploration Ltd in Australia. Overseas, in India he worked as a Technical Adviser for Rio Tinto Orissa Mining Limited (a Rio Tinto Joint Venture with Orissa Mining Corporation, India) and as a consultant to Tata Iron & Steel, and Mid-West Granite, in Iran as a Consultant to International Minerals Consulting Company, and as a consultant to Oswal Brasil Refinaria de Petróleo, in Brazil.

From May 2007 to October 2008 Mr Pal worked for Fairstar Resources Ltd (FAS; an ASX listed company) as an Exploration Adviser/Technical and Executive Director – Exploration/Technical. While with Fairstar, he made two iron discoveries (Mahendra's Find & Elaine's Pride), 110 km southeast of Kalgoorlie. These discoveries are the first of this kind in the area previously known for its gold prospectivity.

At Shree Minerals, he has identified the Direct Shipping Iron Ore (DSO) at the Company's Nelson Bay River Prospect.

Mr Andy Lau, Non Executive Director MBA

Mr Andy Lau is a professional engineer and held senior management responsibilities for over 10 years in computer information and financing industry.

Mr Lau holds a MBA and graduate majoring in Computer Technology and also held the certificates of MCSE, MCDBA, MCP and CCNA. He worked for a number of large international companies in securities, venture capital and high-tech industries. Mr Lau has been the vice president of China Alliance International Holdings Group Limited since 2005.

Mr Amu Shah, Non Executive Director

Mr Amu Shah is a director and shareholder in various businesses ranging from retail trade, distribution of office and stationery products, services to the mining industry, manufacturing, and property development and ownership.

Mr Amu Shah is currently appointed Honorary Consul for Kenya in Perth.

Mr Amu Shah has extensive international and local business experience.

REMUNERATION REPORT (AUDITED)

The full Board fulfils the roles of remuneration committee and is governed by the Company's adopted remuneration policy.

The information provided in this remuneration report has been audited as required by Section 308 (3c) of the Corporations Act 2001.

Remuneration Policy

This policy governs the operations of the Remuneration Committee. The Committee shall review and reassess the policy at least annually and obtain the approval of the Board.

General director remuneration

Shareholder approval must be obtained in relation to the overall limit set for non-executive directors' fees. The Directors shall set individual Board fees within the limit approved by shareholders.

Shareholders must also approve the framework for any broad based equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by the shareholders.

Executive remuneration

The Company's remuneration policy for executive directors and senior management is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration which is market related, and may be entitled to performance based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to performance, relevant comparative information and expert advice.

The Committee's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:

- a. reward reflects the competitive market in which the Company operates;
- b. individual reward should be linked to performance criteria; and
- c. executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives and other senior managers consists of the following:

- a. salary - executives director and senior manager receive a fixed sum payable monthly in cash;
- b. bonus - executive directors and nominated senior managers are eligible to participate in a profit participation plan if deemed appropriate;
- c. long term incentives - executive directors and nominated senior managers may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and

DIRECTORS' REPORT

- d. other benefits - executive directors and senior managers are eligible to participate in superannuation schemes and other appropriate additional benefits.

Remuneration of other executives consists of the following:

- a. salary - senior executive receives a fixed sum payable monthly in cash;
- b. bonus - each executive is eligible to participate in a profit participation plan if deemed appropriate;
- c. long term incentives - each senior executive may, where appropriate, participate in share option schemes which have been approved by shareholders; and
- d. other benefits – senior executive are eligible to participate in superannuation schemes and other appropriate additional benefits.

Non-executive remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Remuneration Committee recommends the actual payments to directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration approved for directors is currently \$200,000.

It is recognised that non-executive directors' remuneration is ideally structured to exclude equity based remuneration. However, whilst the Company remains small and the full Board, including the non-executive directors, are included in the operations of the Company more intimately than may be the case with larger companies the non-executive directors are entitled to participate in equity based remuneration schemes.

All directors are entitled to have their indemnity insurance paid by the Company.

Profit participation plan

Performance incentives may be offered to executive directors and senior management of the Company through the operation of a profit participation plan at the ultimate discretion of the Board.

SHREE MINERALS LTD

DIRECTORS' REPORT

Details of remuneration

The remuneration for each Director and the senior Executive of the Company during the year and the previous year was as follows:

2011

	Short-term Employee Benefits				Post-employment Benefits	Other Long-term Benefits	Termination Benefits	Share Based Payments	Total
	Cash, salary, Directors Fees	Cash profit share, bonuses	Non-cash benefits	Allowances	Super-annuation				
Mr S Loyalka Executive Director	183,486	-	-	-	16,514	-	-	-	200,000
Mr A Jagatramka Non Executive Director	7,500	-	-	-	675	-	-	-	8,175
Mr M Pal ³ Non Executive Director	70,000	-	-	-	-	-	-	43,500	113,500
Mr Andy Lau Non Executive Director	7,500	-	-	-	-	-	-	-	7,500
Mr Amu Shah Non Executive Director	2,500	-	-	-	-	-	-	-	2,500
Mr S Ledger Company Secretary	24,996	-	-	-	-	-	-	-	24,996
	295,982	-	-	-	17,189	-	-	43,500	356,671

2010

	Short-term Employee Benefits				Post-employment Benefits	Other Long-term Benefits	Termination Benefits	Share Based Payments	Total
	Cash, salary, Directors Fees	Cash profit share, bonuses	Non-cash benefits	Allowances	Super-annuation				
Mr S Loyalka Executive Director	111,162	-	-	-	10,005	-	-	-	121,167
Mr A Jagatramka Non Executive Director	3,750	-	-	-	338	-	-	-	4,088
Mr M Pal Non Executive Director	47,465	-	-	-	-	-	-	-	47,465
Mr Andy Lau Non Executive Director	4,375	-	-	-	-	-	-	-	4,375

SHREE MINERALS LTD

DIRECTORS' REPORT

Mr W Harder ¹ Chief Geological Officer	7,057	-	-	-	635	-	-	-	7,692
Mr S Ledger ² Company Secretary	24,677	-	-	-	-	-	-	-	24,677
	198,486	-	-	-	10,978	-	-	-	209,464

1 Mr Harder resigned effective 31 August 2009.

2 Mr Ledger is a Director of Ledger Corporate Pty Ltd. In addition to the above remuneration, Ledger Corporate Pty Ltd was paid \$2,024.09 (2010: \$6,560.24) in relation to expense reimbursement and office services.

3 Mr Pal was paid \$4,385.55 (2010: nil) in relation to expense reimbursement in addition to the above remuneration.

Options issued as part of remuneration for the period ended 30 June 2011

No options were granted as remuneration during the period ended 30 June 2011.

Please refer to Note 19 for further information.

Options issued as part of remuneration for the period ended 30 June 2010

There were 1,000,000 options issued to Mr Mahendra Pal and 500,000 options issued to Mr Steve Ledger as part of remuneration for the year ending 30 June 2010.

Shares Issued on Exercise of Compensation Options

No options granted as compensation in prior periods were exercised through the period or the previous period.

Employment contracts of directors and senior executives

The employment conditions of the Executive Director, Sanjay Loyalka, are formalised in a contract of employment.

The contract specifies for an amount of \$200,000 including superannuation per annum to be paid to Mr Loyalka and may be reduced at Mr Loyalka's discretion. The agreement commenced on 10 May 2008 and has a term of five years.

Mr. Mahendra Pal is an independent Non Executive Director of the company. He has additionally agreed to support the Geological & Technical functions of the company effective March 2010. Accordingly he is paid a total of \$75,000 per annum.

Meetings of Directors

During the financial year, 8 formal meetings of Directors (including committees of directors) were held. Attendances by each Director during the year were as follows:

Director	Board Meetings	
	Meetings attended	Meetings held whilst in office
Sanjay Loyalka	8	8
Arun Jagatramka	5	8
Mahendra Pal	7	8
Andy Lau	7	8
Amu Shah	1	3

The full Board fulfils the role of remuneration, nomination and audit committees.

DIRECTORS' REPORT

Indemnifying Officers or Auditor

The company maintains director and officer liability insurance.

Options

At the date of this report, the unissued ordinary shares of Shree Minerals Limited under option are as follows:

Date of Expiry	Exercise Price	Number under Option
31/10/2012	\$0.20	500,000
31/10/2012(in escrow)	\$0.20	9,000,000
12/02/2013(in escrow)	\$0.20	250,000
		<hr/> 9,750,000 <hr/>

During the year ended 30 June 2011, nil shares were issued on the exercise of options. There were 8,703,500 options expiring on 30 June 2011, of which the company received applications for 1,437,500 shares which were subsequently issued on 15 July 2011. In addition, partial underwriting agreements were also finalised on 15 July 2011 with the issuance of a further 5,750,000 shares.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of these proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

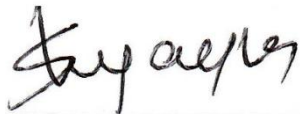
- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The were no fees (2010: nil) for non-audit services were paid/payable to the external auditors during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 24 of annual report.

Signed in accordance with a resolution of the Board of Directors.



Sanjay Loyalka
Chairman

Signed in Perth the 26th day of September 2011.

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place during the financial year.

The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a Corporate Governance Charter, which is designed to encourage Directors and other Shree personnel to focus their attention on accountability, risk management and ethical conduct. The Company has adopted the following policies, protocols and corporate governance structures:

- Structure of Board and Committees
- Nominations and Remuneration Committee Charter
- Audit and Risk Management Committee Charter
- Board Members' Code of Conduct
- Conflict of Interest Protocol
- Group Code of Conduct/Values
- Risk Management Policy
- Policy on the Trading of Company's Shares
- Release of Price Sensitive Information
- Board Calendar (Strategic Governance Issues)
- Board and Management Performance Enhancement Policy

The Corporate Governance Charter was prepared with regard to the Principles of Good Corporate Governance and Best Practice Recommendations released by the ASX Corporate Governance Council in March 2003 (as amended) so as to ensure that its practices are largely consistent with those Recommendations from time to time. The Corporate Governance Charter will be reviewed and adjusted, as required, on an on-going basis including in line with the ASX Corporate Governance Council amendments to the Recommendations.

The Company is committed to implementing high standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines.

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2011.

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the director's report.

CORPORATE GOVERNANCE STATEMENT

The Board sets out below its “if not why not” report in relation to those matters of corporate governance where the Company’s practices depart from the Recommendations

RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
1.1	Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.	Satisfied. Board Charter is available at www.shreeminerals.com in the Corporate Governance Statement.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. Board Performance Evaluation Policy is available at www.shreeminerals.com in the Corporate Governance Statement.
1.3	Companies should provide the information indicated in the Guide for reporting on Principle 1	Satisfied. The Board Charter is available at www.shreeminerals.com in the Corporate Governance Statement. Whilst the performance of management is appraised on an ongoing basis. During the year no formal appraisal of management was conducted.
2.1	A majority of the board should be independent directors.	Satisfied. The incumbent are independent directors.
2.2	The chair should be an independent director.	Not Satisfied. Due to the size of the company and its operations Mr Sanjay Loyalka is both an Executive Director and Chairman.
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual.	Not Satisfied. Due to the size of the company and its operations Mr Sanjay Loyalka is both Executive Director and the Chairman.
2.4	The board should establish a nomination committee.	Not satisfied. The Board consider that given the current size of the board (5), this function is efficiently achieved with full board participation. Accordingly, the Board has not established a nomination committee.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied. Board Performance Evaluation Policy is available at www.shreeminerals.com in the Corporate Governance Statement.
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2	Satisfied. Whilst the performance of the Board is appraised on an ongoing basis, during the year no formal appraisal was

CORPORATE GOVERNANCE STATEMENT

RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
		conducted.
3.1	<p>Companies should disclose a code of conduct and disclose the code or a summary of the code as to:</p> <p>The practices necessary to maintain confidence in the company's integrity</p> <p>The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</p> <p>The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	Satisfied. The Code of conduct is available at www.shreeminerals.com in the Corporate Governance Statement.
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Satisfied. The Trading Policy is available at www.shreeminerals.com in the Corporate Governance statement.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	Satisfied
4.1	The board should establish an audit committee.	Not satisfied. The Board consider that given the current size of the board (4), this function is efficiently achieved with full board participation. Accordingly, the Board has not established an audit committee.
4.2	<p>The board committee should be structured so that it:</p> <p>Consists only of non-executive directors</p> <p>Consists of a majority of independent directors</p> <p>Is chaired by an independent chair, who is not chair of the board</p> <p>Has at least three members</p>	Not satisfied. The company has adopted a policy which includes Executive Directors as audit committee members.
4.3	The audit committee should have a formal charter.	Satisfied. Audit Committee charter is available at www.shreeminerals.com in the Corporate Governance statement.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	Satisfied.
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those	Satisfied. Continuous disclosure policy is available at www.shreeminerals.com in the Corporate Governance statement.

CORPORATE GOVERNANCE STATEMENT

RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
	policies or a summary of those policies.	
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	Satisfied
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of their policy.	Satisfied. Shareholders communication strategy is available at www.shreeminerals.com in the Corporate Governance statement.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	Satisfied
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Satisfied. Risk management program is available at www.shreeminerals.com in the Corporate Governance statement.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Satisfied. The Board, including the Managing Director, routinely consider risk management matters.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Satisfied. The Board has received a section 295A declaration pursuant to the 2010 financial period.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	Satisfied
8.1	The board should establish a remuneration committee.	Not Satisfied. The Board consider that given the current size of the board (4), this function is efficiently achieved with full board participation. Accordingly, the Board has not established a remuneration committee.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of	The structure of directors' remuneration is disclosed in

CORPORATE GOVERNANCE STATEMENT

RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
	executive directors and senior executives.	the remuneration report of the annual report.
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8	Remuneration committee charter is available at www.shreeminerals.com in the Corporate Governance statement.

Other Information

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's web site at www.shreeminerals.com



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**Auditor's Independence Declaration
To the Directors of Shree Minerals Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Shree Minerals Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Director - Audit & Assurance

Perth, 26 September 2011

SHREE MINERALS LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30 JUNE 2011

	Note	30 June 2011 \$	30 June 2010 \$
Revenue from continuing operations			
Interest		176,959	76,015
Research and development tax concession		202,125	-
Other		69,091	-
Expenses from continuing operations			
Finance charges		(1,727)	(2,689)
Employee and consulting fees		(316,218)	(203,366)
Regulatory costs		(14,888)	(45,479)
Occupancy and communication		(37,882)	(38,501)
Foreign exchange loss		-	(16,922)
Accounting and Legal Fees		(70,482)	(15,866)
Impairment of exploration tenements		(281,169)	-
Other Expenses		(60,842)	(61,935)
Loss before income tax		<u>(335,033)</u>	<u>(308,743)</u>
Income tax expense	4	-	-
Loss for the period		<u>(335,033)</u>	<u>(308,743)</u>
Other comprehensive income		-	-
Comprehensive Loss for the year		<u>(335,033)</u>	<u>(308,743)</u>
Earnings per share for (loss) attributable to ordinary equity holders of the company:			
Basic (loss) cents per share	5	(0.38)	(0.44)

The accompanying notes form part of these financial statements.

SHREE MINERALS LTD

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	30 June 2011 \$	30 June 2010 \$
Assets			
<i>Current Assets</i>			
Cash and cash equivalents	6	2,557,162	3,113,238
Receivables	7	192,428	105,939
Total Current Assets		2,749,590	3,219,177
<i>Non-Current Assets</i>			
Exploration and evaluation	9	5,209,739	4,556,445
Plant and equipment	8	1,708	1,036
Total Non-Current Assets		5,211,447	4,557,481
Total Assets		7,961,037	7,776,658
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables	10	233,996	51,062
Provisions	10	3,839	4,326
Total Current Liabilities		237,835	55,388
Total Liabilities		237,835	55,388
Net Assets		7,723,202	7,721,270
Equity			
Contributed equity	11	8,500,310	8,163,345
Reserves	12	129,145	-
Accumulated losses	12	(906,253)	(442,075)
Total Equity		7,723,202	7,721,270

The accompanying notes form part of these financial statements.

SHREE MINERALS LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Issued Capital \$	Accumulated Losses \$	Share based option reserve	Total \$
BALANCE AT 1 July 2009		2,581,848	(133,332)	-	2,448,516
Total comprehensive income for the period		-	(308,743)	-	(308,743)
Shares issued or applied for during the year	11	5,964,500	-	-	5,964,500
Capital raising costs		(383,003)	-	-	(383,003)
SUB-TOTAL		8,163,345	(442,075)	-	7,721,270
Dividends paid or provided for		-	-	-	-
BALANCE AT 30 JUNE 2010		8,163,345	(442,075)	-	7,721,270
BALANCE AT 1 July 2010		8,163,345	(442,075)	-	7,721,270
Prior period adjustment	12		(129,145)	129,145	-
Total comprehensive income for the period		-	(335,033)	-	(335,033)
Shares issued or applied for during the year	11	354,000	-	-	354,000
Capital raising costs		(17,035)	-	-	(17,035)
SUB-TOTAL		8,500,310	(906,253)	129,145	7,723,202
Dividends paid or provided for		-	-	-	-
BALANCE AT 30 JUNE 2011		8,500,310	(906,253)	129,145	7,723,202

The accompanying notes form part of these financial statements.

SHREE MINERALS LTD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	30 June 2011 \$	30 June 2010 \$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,220,398)	(1,031,437)
Interest received		175,672	30,915
Research and Development tax concession		202,125	-
Finance and borrowing costs paid		-	(2,689)
Net cash inflow from operating activities	15(b)	(842,601)	(1,003,211)
Cash flows from investing activities			
Payment for plant and equipment		(975)	(1,045)
Payments for tenement acquisition		-	(550,000)
Net cash outflow from investing activities		(975)	(551,045)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		287,500	4,764,500
Payments for share issue costs		-	(333,003)
Repayment of borrowings		-	-
Net cash outflow from financing activities		287,500	4,431,497
Net (decrease) increase in cash and cash equivalents		(556,076)	2,877,241
Cash and cash equivalents at the beginning of the financial period		3,113,238	235,997
Cash and cash equivalents at the end of the financial period	6	2,557,162	3,113,238

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the financial statements and notes of Shree Minerals Limited, a Company domiciled and incorporated in Australia.

Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report includes the separate financial statements of the Company.

Accounting standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes thereto comply with International Financial Reporting Standards ("IFRS").

The financial report is presented in Australian currency.

Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The significant accounting policies set out below have been applied in the preparation and presentation of the financial report for the year ending 30 June 2011 and comparative information.

a. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011**

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group 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 group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	33%
Office equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011**

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

c. Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development on the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserve.

Accumulated 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 accumulated costs for the relevant area of interest area 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.

d. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the economic entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(ii) Loans and receivables

Loans 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 using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

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 group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011**

instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

f. Impairment of Non Financial Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. Interests in Joint Ventures

The Company's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the financial statements.

h. 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. 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. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

i. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011**

j. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet

k. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

l. Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

m. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

n. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Judgements – Deferred exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(c).

Key Judgements Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 20.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011**

o. Operating segments

Identification and measurement of segments – AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments.

NOTE 2: KEY MANAGEMENT PERSONNEL COMPENSATION

Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Sanjay Loyalka	Chairman
Mahendra Pal	Director
Arun Kumar Jagatramka	Director
Andy Lau	Director
Amu Shah	Director (appointed 4 March 2011)
Steve Ledger	Company Secretary (resigned 20 July 2011)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

Number of Shares Held by Key Management Personnel

30 June 2011

Key Management Person	Balance 1 July 2010	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30 June 2011
Mr Sanjay Loyalka ³	25,415,000	-	-	-	-	25,415,000
Mr Mahendra Pal	-	300,000	-	-	-	300,000
Mr Arun Jagatramka	15,000,000	-	-	-	-	15,000,000
Mr Andy Lau	-	-	-	-	-	-
Mr Amu Shah	7,500,000	-	-	-	-	7,500,000
Mr Steve Ledger	20,000	-	-	-	-	20,000
	47,935,000	300,000	-	-	-	48,235,000

30 June 2010

Key Management Person	Balance 1 July 2009	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30 June 2010
Mr Sanjay Loyalka ³	32,500,000	-	-	(7,085,000)	-	25,415,000
Mr Mahendra Pal	-	-	-	-	-	-
Mr Arun Jagatramka	10,000,000	-	-	5,000,000	-	15,000,000
Mr Andy Lau	-	-	-	-	-	-
Mr Steve Ledger	-	-	-	20,000	-	20,000
	42,500,000	-	-	(2,065,000)	-	40,435,000

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

Number of Options Held by Key Management Personnel

30 June 2011

Key Management Person	Balance 30 June 2010	Granted as compensation	Options Exercised	Net Change Other	Balance 30 June 2011	Total Vested 30 June 2011	Total Exercisable 30 June 2011	Total Unexercisable 30 June 2011
Mr Sanjay ³ Loyalka	50,000	-	-	(50,000)	-	-	-	-
Mr Mahendra Pal ¹	1,000,000	-	-	-	1,000,000	-	-	1,000,000
Mr Arun Jagatramka	-	-	-	-	-	-	-	-
Mr Amu Shah	1,250,000	-	-	-	1,250,000	1,250,000	1,250,000	-
Mr Andy Lau	-	-	-	-	-	-	-	-
Mr Steve Ledger ²	510,000	-	-	(10,000)	500,000	500,000	500,000	-
	2,810,000	-	-	(60,000)	2,750,000	1,750,000	1,750,000	1,000,000

Please refer to Note 19 for further information regarding the fair value of share options and assumptions.

30 June 2010

Key Management Person	Balance 30 June 2009	Granted as compensation	Options Exercised	Net Change Other	Balance 30 June 2010	Total Vested 30 June 2010	Total Exercisable 30 June 2010	Total Unexercisable 30 June 2010
Mr Sanjay ³ Loyalka	-	-	-	50,000	50,000	50,000	50,000	-
Mr Mahendra Pal ¹	-	1,000,000	-	-	1,000,000	-	-	1,000,000
Mr Arun Jagatramka	-	-	-	-	-	-	-	-
Mr Andy Lau	-	-	-	-	-	-	-	-
Mr Steve Ledger ²	-	500,000	-	10,000	510,000	510,000	510,000	-
	-	1,500,000	-	60,000	1,560,000	560,000	560,000	1,000,000

1. Mr Pal was granted 1,000,000 options pursuant to the 2009 annual general meeting during the year ending 30 June 2010.

2. Mr Ledger was granted 500,000 options pursuant to the 2009 annual general meeting. Mr Ledger is a director of Ledger Corporate Pty Ltd. The company and its associated entities acquired 10,000 options during the year ending 30 June 2010 which subsequently expired on 30 June 2011.

3. The disclosures for the period ending 30 June 2010 have been revised to include holdings of Mrs Rashmi Loyalka who is related to Mr Loyalka as the company believes Mr Loyalka has a controlling influence over these shares. Mrs Rashmi Loyalka acquired 100,000 ordinary shares and 50,000 options during the year ending 30 June 2010.

Please refer to Note 19 for further information regarding the fair value of share options and assumptions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011

NOTE 3: AUDITORS' REMUNERATION

	30 June 2011	30 June 2010
	\$	\$
Remuneration paid or payable of the auditor for:		
– Auditing or reviewing the financial report	15,225	7,666
– Taxation services and corporate services	-	-
	15,225	7,666

NOTE 4: INCOME TAX

	30 June 2011	30 June 2010
	\$	\$
a. Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-

Deferred income tax expense included in income tax expense comprises:

(a) (Increase) in deferred tax assets	(195,988)	(352,625)
(b) Increase in deferred tax liabilities	195,988	352,625
	-	-

	30 June 2011	30 June 2010
	\$	\$

b. Reconciliation of income tax expense to prima facie tax payable

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax expense/(benefit) on operating profit/(loss) at 30%	(100,510)	(92,623)
Add / (Less)		
Tax effect of:		
Deferred tax asset not brought to account	100,510	92,623
Income tax attributable to operating loss	-	-

The applicable weighted average effective tax rates are as follows:

	Nil	Nil
Balance of franking account at year end	Nil	Nil

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011**

c. Deferred tax assets

Tax Losses	-	-
Provisions	1,152	1,298
Other	194,836	351,327
Set-off deferred tax liabilities	(195,988)	(352,625)
Net deferred tax assets	-	-

d. Deferred tax liabilities

Exploration expenditure	195,988	352,625
Set-off deferred tax assets	(195,988)	(352,625)
Net deferred tax liabilities	-	-

e. Tax losses

Unused tax losses for which no deferred tax asset has been recognised	1,681,997	1,983,741
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Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2011 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- i. the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- ii. the company continues to comply with conditions for deductibility imposed by law; and
- iii. no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure.

During the year the company obtained research and development tax concessions of \$202,125.

NOTE 5: EARNINGS PER SHARE

	30 June 2011	30 June 2010
	\$	\$
a. Earnings used to calculate basic EPS	(335,033)	(308,743)
	Number of Shares	Number of Shares
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	87,620,993	69,824,568

NOTE 6: CASH AND CASH EQUIVALENTS

	30 June 2011	30 June 2010
	\$	\$
Cash at bank and in hand	2,557,162	3,113,238

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011

NOTE 7: TRADE AND OTHER RECEIVABLES

	30 June 2011	30 June 2010
	\$	\$
Interest receivable	46,388	45,101
Security deposits	19,000	19,000
Trade receivables	76,000	-
GST and ABN withholding tax receivables	51,040	41,838
	<u>192,428</u>	<u>105,939</u>

NOTE 8: PROPERTY, PLANT & EQUIPMENT

	30 June 2011	30 June 2010
	\$	\$
Plant And Equipment		
Office Equipment – at cost	2,020	1,045
Accumulated depreciation	(312)	(9)
	<u>1,708</u>	<u>1,036</u>

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Plant and equipment	Office Equipment	Total
	\$	\$	\$
Opening balance at 1 July 2010	-	1,036	1,036
Additions	-	975	975
Depreciation expense	-	(303)	(303)
Balance at 30 June 2011	<u>-</u>	<u>1,708</u>	<u>1,708</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011

NOTE 9: EXPLORATION EXPENDITURE

	30 June 2011	30 June 2010
	\$	\$
Exploration and evaluation phase expenditure capitalised	5,209,739	4,556,445
Movements		\$
Opening balance at 1 July 2009		3,381,029
Exploration capitalised		1,175,416
Balance at 30 June 2010		4,556,445
Opening balance at 1 July 2010		4,556,445
Exploration capitalised		934,463
Impairment / relinquishment		(281,169)
Balance at 30 June 2011		5,209,739

Impairment during the period relates to lapsed and relinquished exploration licenses for Catamaran (EL32/2005) and Adamsfield (EL11/2006) of \$148,634 and \$132,535 respectively.

The value of Company interest in exploration expenditure is dependent upon the:

- the continuance of the economic entity rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011

NOTE 10: TRADE AND OTHER PAYABLES

	30 June 2011	30 June 2010
	\$	\$
<i>Current</i>		
Trade and other creditors	233,996	51,062
Provisions	3,839	4,326
	<u>237,835</u>	<u>55,388</u>

NOTE 11: CONTRIBUTED EQUITY

	30 June 2011	30 June 2010
	\$	\$
87,872,500 (2010: 87,422,500) Fully paid ordinary shares	<u>8,500,310</u>	<u>8,163,345</u>

The Company has issued capital amounting to 87,872,500 (2010: 87,422,500) with no par value

Movements

Opening balance	8,163,345	2,581,848
Shares issued	66,500	5,964,500
Options exercised and to be allotted	287,500	-
Shares issued or applied for during the year	<u>354,000</u>	<u>5,964,500</u>
Capital raising costs	(17,035)	(383,003)
Closing balance	<u>8,500,310</u>	<u>8,163,345</u>

(a) Ordinary Shares

	Number of Shares	Number of Shares
At the beginning of the reporting period	87,422,500	56,000,000
Shares issued during the period		
– 13 July 2008	-	-
– 6 November 2009	-	8,000,000
– 16 February 2010	-	17,417,500
– 18 February 2010	-	6,000,000
– 2 March 2010	-	5,000
– 21 January 2011	450,000	-
	<u>87,872,500</u>	<u>87,422,500</u>
At reporting date		

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

(b) Options

At the date of this report, the unissued ordinary shares of Shree Minerals Limited under option are as follows:

Date of Expiry	Exercise Price	Number under Option
31/10/2012	\$0.20	500,000
31/10/2012(in escrow)	\$0.20	9,000,000
12/02/2013(in escrow)	\$0.20	250,000
		<u>9,750,000</u>

During the year ended 30 June 2011, nil shares were issued on the exercise of options. There were 8,703,500 options expiring on 30 June 2011, of which the company received applications for 1,437,500 shares which were subsequently issued on 15 July 2011. In addition, partial underwriting agreements were also finalised on 15 July 2011 with the issuance of a further 5,750,000 shares.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

(c) Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2011 and 30 June 2010 are as follows:

Cash and cash equivalents	2,557,162	3,113,238
Trade and other receivables	192,428	105,939
Trade and other payables	(237,835)	(55,388)
Working capital position	<u>2,511,755</u>	<u>3,163,789</u>

NOTE 12: RETAINED LOSSES AND RESERVES

	30 June 2011 \$	30 June 2010 \$
a. Retained Losses		
At the beginning of the reporting period	442,075	133,332
Prior period adjustment	129,145	-
Comprehensive loss	335,033	308,743
At reporting date	906,253	442,075

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011**

b. Option Reserve

The option reserve records items recognised as expenses on valuation of share based payments including employee options. Please refer note 19 for more information.

There were no share based options issued during the current reporting period. During the period, a prior period adjustment was made to revalue the share options on issue. This resulted in an adjustment of \$129,145 to share based payment expenditure. A corresponding adjustment was made to the Share based option reserve.

NOTE 13: COMMITMENTS

	30 June 2011	30 June 2010
	\$	\$
a. The Company has tenements rental and expenditure commitments of:		
Payable:		
– not later than 12 months	203,367	253,584
– between 12 months and 5 years	-	-
– greater than 5 years	-	-
b. The Company has other rental and expenditure commitments of \$9,792 within the next 12 months.		

NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

On 21st April 2008, the Company entered into a tenement sale agreement with Gujarat NRE Resources NL for the purchase of the right and title to various exploration licenses. Mr Arun Jagatramka is a director of both the company and Gujarat NRE Resources NL. He was appointed to the Board subsequent to this agreement. The company paid consideration in cash and script, however is required to issue a further 10,000,000 shares in the company to Gujarat NRE Resources NL within 30 days of successful completion of;

- i) The company completing a bankable feasibility study to be solely funded by the company;
- ii) The company obtaining funding approval for the development and operation of a mine as contemplated by the bankable feasibility; and
- iii) The Board approving a decision to mine, on the Nelson Bay River tenement.

The company has currently met all the expenditure commitments relating to tenement exploration activities as required under the exploration licenses granted by Mineral Resources Tasmania.

Other than the above, the Directors are not aware of any other contingent liabilities or contingent assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011

NOTE 15: CASH FLOW INFORMATION

	30 June 2011 \$	30 June 2010 \$
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash	2,557,162	3,113,238
(b) Reconciliation of Cash Flow from Operations with Operating Profit after Income Tax		
Operating loss after income tax	(335,033)	(308,743)
Non-cash flows:		
Share based payments	66,500	-
Capital raising costs	(17,035)	-
Tenement impairment/relinquishment	281,169	-
Depreciation and amortisation	302	9
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(86,490)	(96,852)
(Increase)/decrease in other assets	(934,462)	(625,417)
Increase/(decrease) in trade and other payables	182,448	27,792
<i>Net Cash Flow from/(used in) Operating Activities</i>	<u>(842,601)</u>	<u>(1,003,211)</u>

NOTE 16: RELATED PARTY TRANSACTIONS*Key Management Personnel*

Disclosures relating to key management personnel compensation are set out in Note 2 to the financial statements, and in the Remuneration Report contained within the Directors Report.

Other transactions

During the reporting period, Mrs Rashmi Loyalka provided accounts payable services to the company to a value of \$20,000. Mrs Loyalka is related to the Chairman, Mr Sanjay Loyalka.

NOTE 17: FINANCIAL INSTRUMENTS**a. Financial Risk Management**

The Company's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for the Company's operations.

Derivatives are not currently used by the Company for hedging purposes. The Company does not speculate in the trading of derivative instruments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011**

i. Treasury Risk Management

The senior executives of the Company meet on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

ii. Financial Risks

The main risks the Company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The Company does not have any debt that may be affected by interest rate risk.

Sensitivity analysis

At 30 June 2011, if interest rates had changed by +/- 75 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Company would have been \$19,179 lower/higher (2010 - \$23,349 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

b. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company and the parent entity at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid 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.

c. Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2011

	Floating Interest Rate		Fixed Interest Rate				Non Interest Bearing		Total		Weight Effective Interest Rate	
			1 Year or Less		1 to 5 Years							
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 %	2010 %
Cash	1,930,103	61,371	627,059	3,051,867	-	-	-	-	2,557,162	3,113,238	6.59	-
Trade and other receivables		-		-	-	-	192,428	105,939	192,428	105,939	N/A	N/A
Total Financial Assets	1,930,103	61,371	627,059	3,051,867	-	-	192,428	105,939	2,749,590	3,219,177		
Financial Liabilities												
Trade and other payables	-	-	-	-	-	-	(237,835)	(55,388)	(237,835)	(55,388)	N/A	N/A
Total Financial Liabilities	-	-	-	-	-	-	(237,835)	(55,388)	(237,835)	(55,388)		

NOTE 18: OPERATING SEGMENTS

The company operates predominately in one segment involved in the mineral exploration. Geographically, the consolidated entity is domiciled and operates in one segment being Australia. In accordance with AASB 8 *Operating Segments*, a management approach to reporting has been applied. The information presented in the Statement of Comprehensive Income and the Statement of Financial Position reflects the sole operating segment.

NOTE 19: SHARE-BASED PAYMENTS

During the year nil (2010: 18,453,500) options were issued. During this reporting period, a revaluation of the share based options issued in 2010 was performed which resulted in an adjustment to the share based option reserve of \$129,145 in the current reporting period (Refer Note 12).

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

a. Expenses arising from share-based payment transactions

There were \$66,500 (2010: \$nil) expenses arising from share-based payment transactions recognised during the period. These expenses were recognised at the date the share based payments were approved and at the share price applicable at that date.

NOTE 20: CHANGE IN ACCOUNTING POLICY

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The company's assessment of the impact of these new standards and interpretations are set out below.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted the standard could affect the group's accounting for any financial assets it holds. The company has not yet decided when to adopt AASB9.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2011

Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The company will apply the amended standard from 1 July 2011. When the amendments are applied, the company will need to disclose any transactions between any subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB official introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. The company is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have a significant impact on the company's disclosures. The company intends to apply the amendment from 1 July 2011.

AASB 2010-8 Amendments to Australian Accounting Standards – Deferred tax: Recovery of Underlying Assets (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measure deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The company will apply the amendment from 1 July 2012. It is currently evaluating the impact of the amendment.

No other amendments or interpretations are expected to have an impact on the company or the group.

NOTE 21: COMPANY DETAILS

The registered office and principal place of business of the Company is:

Unit 4

The Pines Business Centre

86 -88 Forrest Street

Cottesloe

WA 6011

Ph: (08) 61612068

Fax: (08) 93855194

SHREE MINERALS LTD

DIRECTORS' DECLARATION

1. In the opinion of the directors of Shree Minerals Limited ('the Company'):

- (a) the financial statements and notes as set out on pages 25 to 47, are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the financial position of the Company as at 30 June 2011 and of its performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, and other mandatory professional reporting requirements; and
- (b) the audited remuneration disclosures included in the Directors' report For the year ended 30 June 2011, comply with section 300A of the Corporations Act 2001.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) the Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

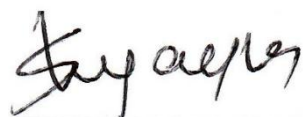
2. There are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities when they become due and payable.

3. The remuneration disclosures in the audited Remuneration Report on pages 12 to 16 in the Directors' report for the year ended 30 June 2011 complies with Section 300A of the Corporations Act 2001.

4. The directors have been given the declarations required by Section 295A of the Corporations Act from the chief executive officer and chief financial officer for the financial year ended 30 June 2011.

Dated at Unit 4, The Pines Business Centre, 86 -88 Forrest Street, Cottesloe, WA 6011 this 26th day of September 2011.

Signed in accordance with a resolution of the directors:



Sanjay Loyalka

Director



Grant Thornton

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West Perth WA 6872

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**Independent Auditor's Report
To the Members of Shree Minerals Limited**

Report on the financial report

We have audited the accompanying financial report of Shree Minerals Limited (the "Company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company.

Directors responsibility 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 of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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INDEPENDENT AUDITORS' REPORT

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Shree Minerals Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 13 to 16 of the directors' report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 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.

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INDEPENDENT AUDITORS' REPORT

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Shree Minerals Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Director – Audit & Assurance

Perth, 26 September 2011

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SHREE MINERALS LTD

SHAREHOLDER INFORMATION

ADDITIONAL INFORMATION

The following additional information not shown elsewhere in the report is required by the Australian Securities Exchange Ltd in respect of listed public companies only. This information is current as at 5th September 2011.

SUBSTANTIAL SHAREHOLDERS

The company has received substantial shareholder notices from;

- Mr Sanjay Loyalka as trustee for the Loyalka Family Trust (24,500,000 ordinary shares)
- Gujarat NRE Resources NL (15,000,000 ordinary shares)
- Ullapool Investments Pty Ltd (6,000,000 ordinary shares)
- China Alliance International Holdings Group (18,000,000 ordinary shares)

ISSUED SECURITIES

Refer note 11 of the financial statements.

VOTING RIGHTS

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

1. At a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
2. On a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Options on issue.

DISTRIBUTION SCHEDULE – OPTIONS AS AT 5th SEPTEMBER 2011

Holdings Ranges	Holders	Total Units	%
1 - 1,000	0	0	0.000
1,001 - 5,000	0	0	0.000
5,001 - 10,000	0	0	0.000
10,001 - 100,000	0	0	0.000
100,001 - 99,999,999,999	4	9,750,000	100.000
	4	9,750,000	100.000

DISTRIBUTION SCHEDULE – SHAREHOLDINGS AS AT 5th SEPTEMBER 2011

Holdings Ranges	Holders	Total Units	%
1 - 1,000	0	0	0.000
1,001 - 5,000	17	62,698	0.066
5,001 - 10,000	207	2,046,665	2.153
10,001 - 100,000	189	7,200,015	7.574
100,001 - 99,999,999,999	47	85,750,622	90.207
	460	95,060,000	100.000

UNMARKETABLE PARCELS

There are eight unmarketable parcels as at 5th September 2011 totalling 20,667 ordinary shares.

SHREE MINERALS LTD

SHAREHOLDER INFORMATION

20 LARGEST SHAREHOLDERS AS AT 5th SEPTEMBER 2011

Holder Name	Balance	%
MR SANJAY KUMAR LOYALKA <LOYALKA FAMILY A/C>	24,500,000	25.773
CHINA ALLIANCE INTERNATIONAL HOLDINGS GROUP LIMITED	16,000,000	16.831
GUJARAT NRE RESOURCES NL	15,000,000	15.780
ULLAPOOL INVESTMENTS PTY LTD <THE ULLAPOOL A/C>	6,000,000	6.312
ROSECLIFF HOLDINGS PTY LTD <SAHIB INVESTMENT A/C>	4,375,000	4.602
ME GAWILD ENTERPRISES PTY LTD <VEER POONAM POOJAN PROP A/C>	2,500,000	2.630
CHINA ALLIANCE INTERNATIONAL HOLDINGS GROUP LIMITED	2,000,000	2.104
MEGAWILD ENTERPRISES PTY LTD <VEER POONAM POOJAN PROP A/C>	1,875,000	1.972
MR AMRIK SINGH HEER	1,500,000	1.578
EXPORT MARKETING (BVI) LTD	1,250,000	1.315
DR DEEPAK NARAN <THE NARAN FAMILY NO 1 A/C>	1,000,000	1.052
MR ASOK KUMAR & MRS RENU KUMAR <ASOK KUMAR FAMILY S/F A/C>	820,000	0.863
IACG PTY LTD	750,000	0.789
TANDON SUPERANNUATION SERVICES PTY LTD <THE TANDON PENSION FUND A/C>	500,000	0.526
MS EMMA HALL	500,000	0.526
BRIAN EDWARD VON BERGHEIM PTY LTD <THE GREENWAY A/C>	500,000	0.526
MR LINDSAY HAMILTON-SMITH & MRS ANDREA MARTINA HAMILTON-SMITH <EXTEL SUPER FUND A/C>	500,000	0.526
RANGEWELL PTY LTD	475,000	0.500
DEPAK DOLATHRAI NARAN <THE NARAN FAMILY NO 1 A/C>	375,000	0.394
MR HARDEEP SINGH HEER	300,000	0.316
MR RAY HISLOP	300,000	0.316
	81,020,000	85.230

20 LARGEST OPTION HOLDERS AS AT 5th SEPTEMBER 2011

Holder Name	Balance	%
CHINA ALLIANCE INTERNATIONAL HOLDINGS GROUP LIMITED	8,000,000	82.052
MAHENDRA PAL	1,000,000	10.256
MR STEVE LEDGER	500,000	5.128
ZURICH SECURITIES PTY LTD	250,000	2.564
	9,750,000	100.000