

SHREE MINERALS LIMITED

ACN 130 618 683

2010 ANNUAL REPORT

SHREE MINERALS LTD

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SHREE MINERALS LTD

CORPORATE DIRECTORY

DIRECTORS

Sanjay Loyalka
Mahendra Pal
Arun Kumar Jagatramka
Andy Lau

COMPANY SECRETARY

Stephen Ledger

REGISTERED OFFICE

Suite 1a
46 Ord St
West Perth WA 6005

Ph: 08 9322 4944

Fax: 08 9322 4946

SOLICITORS

Steinepreis Paganin
Level 4
16 Milligan St
Perth WA 6000

AUDITORS

Greg Ledger Pty Ltd
Suite 3
20 Altona St
West Perth WA 6005

BANKERS

Commonwealth Bank of Australia
St Georges Tce
Perth WA 6000

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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 2010 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)

COMPANY SECRETARY

Mr Stephen Ledger (Appointed 14 April 2008)

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 \$308,743 (2009: \$121,423).

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 7 Exploration Licenses. The Company was formed in April 2008 and listed on the Australian Securities Exchange in February 2010. Since formation, the Company has actively explored for gold and iron at its Sulphide Creek and Nelson Bay 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:

Data review, geological reconnaissance work, diamond drilling (1099m along 9 holes), core logging (for geological and geotechnical information), sampling, analysis and bulk density determination of mineralised (for gold and iron mineralisation) parts of drill cores at the Sulphide Creek and Nelson Bay River tenements. Additionally, ground magnetic surveys at Nelson Bay River and Mt Bertha tenements, upgrading of access and preparation of drill sites for drilling at the Sulphide Creek and Nelson Bay River tenements, study of Mineral Resources Tasmania (MRT) airborne geophysical data (magnetics – radiometric) for Nelson Bay River and Mt Bertha tenements for defining exploration targets was carried out.

Field trips were also made at Catamaran & coal outcrops were sighted and drilling options were evaluated.

DIRECTORS' REPORT

The Farmin Joint Venture agreement which was entered in the previous year was varied during the year such that 100% interest in Mt Sorell and 75% interest in Mt Bertha has been transferred to Shree Minerals. Further, it has the option to buy out balance 25% for a Royalty stream. A review of Mt Bertha licence resulted in rationalisation of the licence area to aeromagnetic anomaly areas covering a total of 134 km².

As per discussions with MRT, no exploration activity was conducted at Adamsfield pending clarity of policy regarding future activity in the area as it falls within World Heritage area.

Results

The work done has established presence of hematite-goethite mineralisation over more than 1 km strike length at the Nelson Bay River tenement and strengthened the Company's belief that the Nelson Bay River (NBR) Project has potential to produce Direct Shipping Ore (DSO) with grades of greater than 60% Fe. Additionally, the study of MRT flown airborne magnetic data suggests that magnetite in part of the Nelson Bay River could continue beyond 300 metres depth.

Drilling results at the Sulphide Creek Prospect suggest strong potential for discovering moderate to high-grade gold mineralisation at depth (drilling intersected gold mineralisation to >168 m depth and remains open at depth and along strike) and suggests that the Davie Prospect has excellent potential for hosting a sizable gold resource.

Outlook 2010/2011

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

Sulphide Creek (Davie Gold Prospect)

- Examination of available airborne geophysical data (magnetics and radiometric), which in addition to MRT data, may involve purchase of multiclient data, geological mapping and interpretation of the data for defining exploration targets.
- Drilling of about 500m (diamond) at the Sulphide Creek – Davie prospect, and sampling of mineralized portions.
- If feasible, preliminary estimation of gold mineralisation at Davie Prospect.

Nelson Bay River Iron Ore Project

- Checking and compilation of available geological mapping and preparation of a geological map of the NBR and Rebecca Creek tenements and environs and running of geological profiles at 100 m line spacing for planned 2010/2011 drilling.
- Drilling of 2000 m (combination of RC percussion and diamond) for defining goethitic-hematite mineralisation at Nelson Bay River.
- Upgrading resource estimates for goethitic-hematite and magnetite using 2009/2010 drilling
- Checking of targets suggested by recent geophysical study by consultant Cowan Geodata Services

Mt Bertha

Study of MRT airborne geophysical data, on ground checking of recently identified geophysical targets and planning of further work.

Further, the Company, will carry out planning of exploration programme for MRT approval, preparation of access tracks and drill sites, and other exploration related tasks; inviting tenders for earthwork, drilling, assay labs, hiring of suitable technical personnel, etc.

In addition to the above exploration activities the following work, during the 2010/2011 period, is also planned:

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DIRECTORS' REPORT

- A review and compilation of all available geophysical data (multiclient aeromagnetic and radiometric data, data accessible via MRT and private company data) for the Sulphide Creek and Mt Sorell tenements for defining exploration targets and geological examination of Mt Sorell tenement lands.

The Company's overall exploration plan remains on schedule. However, it should be noted that the shortage of suitable technical staff and equipment, evident across the resources industry as a whole, may impact on exploration costs and schedules.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 16 February 2010, the company was admitted to the official list of the Australian Securities Exchange. Since that time through to the date of this report, the company confirms that it has used cash and assets readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

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 \$7,721,270 (2009: \$2,448,516)

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

AFTER BALANCE DATE EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any 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.

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.

Tarkine National Heritage Listing – North West Tasmania : As a response to a nomination made in 2009 from an environmental group (the Tarkine Coalition) , the Commonwealth Minister for the Environment (Mr Peter Garrett) made an emergency listing of the Tarkine area as a place of national heritage significance. The Tarkine nomination claimed that the Tasmanian government's proposed Tarkine tourist road would diminish the area's wilderness values. Following the recent Tasmanian election, the Tasmanian government has cancelled that road project. However, the emergency listing process cannot be revoked and must now go to completion. The Australian Heritage Council accordingly is assessing the nominated area and will make recommendations to the Commonwealth Minister in September this year. The Minister will then decide whether to retain the listing, cancel it or amend it. The boundaries of the nominated area encompass three of

SHREE MINERALS LTD

DIRECTORS' REPORT

Shree Minerals' mining tenements (EL 41/2004 , EL 54/ 2008 & EL42/2004). Listing means that an assessment of any mining development would need to consider impacts on wilderness values under the Commonwealth's Environment Protection and Biodiversity Conservation Act 1999. Shree Minerals has made two submissions to the Heritage Council and has also met with the Commonwealth Department, presenting its case that the boundaries of the nominated area improperly encompass large areas of land that clearly do not hold the wilderness values for which the listing is being sought. In particular, Shree Minerals has argued that if the listing is to be retained it should be based on appropriately amended boundaries, which would exclude two of its mining tenements – Nelson Bay River (EL41/2004) and Rebecca Creek (EL54/2008). These tenements do not have wilderness values.

DIRECTORS' INTERESTS

ORDINARY SHARES

FULLY PAID

Mr S Loyalka	25,315,000
Mr A Jagatramka	15,000,000
Mr M Pal	-
Mr A Lau	-

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

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DIRECTORS' REPORT

Board of Directors of Port Kembla Coal Terminal, Australian Coal Research Ltd, Wollongong Hawks as well as Executive Committee Member of NSW Minerals Council.

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), FAusIMM, MAICD (Australia) (Appointed 26 August 2008)

Mr Pal was an Executive Director – Exploration/Technical with FairStar Resources Ltd (FAS; an ASX listed company) and has an extensive management experience in the mining and exploration industry, both in Australia and internationally. He has worked across many commodities, including base metals, gold, uranium, iron, coal, oil shale, oil and gas, among others.

Prior to joining Fairstar, Mr Pal spent two periods working with Rio Tinto, commencing in 1970. During this time he was Principal Geologist for Hamersley Iron Pty Limited, where he made concealed iron ore discoveries 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.

Mr Pal also ran his own Geological Consultancy business, from 2000 to April 2007, where he worked with a range of exploration/mining companies including: Airon Energy, Centrex Metals, Rio Tinto Exploration, Hamersley Iron, Consolidated Minerals, Sinosteel Australia, Sumitomo Corporation, Golden West Resources Ltd, and NEX Metals Exploration Ltd, in Australia. He also worked as a technical adviser to Rio Tinto Orissa Mining Limited (a Rio Tinto Joint Venture with Orissa Mining Corporation, India), as a consultant to Tata Iron & Steel in India, International Minerals, a Consulting Company in Iran, and Oswal Brasil Refinaria de Petróleo in Brazil.

While with Fairstar Mr Pal made two new 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.

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, MCDDBA, 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.

REMUNERATION REPORT

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

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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.

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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:

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

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 \$6,560.24 in relation to expense reimbursement and office services.

	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	37,500	-	-	-	3,375	-	-	-	40,875
Mr A Jagatramka Non Executive Director	-	-	-	-	-	-	-	-	-
Mr M Pal Non Executive Director	-	-	-	-	-	-	-	-	-
Mr W Harder Chief Geological Officer	60,849	-	-	-	5,476	-	-	-	66,325
Mr S Ledger Company Secretary	9,441	-	-	-	-	-	-	-	9,441
	<u>107,790</u>	-	-	-	<u>8,851</u>	-	-	-	<u>111,641</u>

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DIRECTORS' REPORT

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.

Please refer to Note 19 for further information.

Options issued as part of remuneration for the period ended 30 June 2009

No options were granted as remuneration during the period ended 30 June 2009.

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 . Accordingly, Mr.Loyalka had voluntarily drawn reduced remuneration at rate of \$75000 per annum in this financial year until February 2010. 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 . Keeping in view the additional services ,the Board has increased the remuneration payable to him effective March 2010 by an additional \$50,000 per annum to a total of \$75,000 per annum.

Meetings of Directors

During the financial year, 9 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	9	9
Arun Jagatramka	4	5
Mahendra Pal	9	9
Andy Lau	3	4

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

Indemnifying Officers or Auditor

The company maintains director and officer liability insurance.

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DIRECTORS' REPORT

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
30/06/2011	\$0.20	8,703,500
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/>
		18,453,500
		<hr/>

During the year ended 30 June 2010, 5000 shares were issued on the exercise of options.

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.

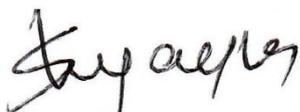
The following fees for non-audit services were paid/payable to the external auditors during the year:

	2010	2009
Taxation services	-	320
	<hr/>	<hr/>
	-	320
	<hr/>	<hr/>

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 17 of annual report.

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



Sanjay Loyalka
Chairman

Signed in Perth the 31st day of August 2010.

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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 2010.

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.

The names of independent directors of the company are:

Mr Mahendra Pal

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CORPORATE GOVERNANCE STATEMENT

Independent Directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense.

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 (4), 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	Satisfied. Board Performance Evaluation Policy is available at www.shreeminerals.com in the Corporate Governance

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CORPORATE GOVERNANCE STATEMENT

RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
	individual directors.	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 conducted.
3.1	Companies should disclose a code of conduct and disclose the code or a summary of the code as to: The practices necessary to maintain confidence in the company's integrity The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	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	The board committee should be structured so that it: Consists only of non-executive directors Consists of a majority of independent directors Is chaired by an independent chair, who is not chair of the board Has at least three members	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.

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CORPORATE GOVERNANCE STATEMENT

RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
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 policies or a summary of those policies.	Satisfied. Continuous disclosure policy is available at www.shreeminerals.com in the Corporate Governance statement.
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

SHREE MINERALS LTD
CORPORATE GOVERNANCE STATEMENT

RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
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 executive directors and senior executives.	The structure of directors' remuneration is disclosed in 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

SHREE MINERALS LTD

AUDITORS' INDEPENDENCE CONFIRMATION

To the Board of Directors of Shree Minerals Limited

Dear Sirs

AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

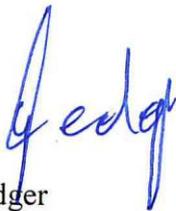
This declaration is made in connection with our audit of the financial report of Shree Minerals Limited for the year ended 30 June 2010 and in accordance with provisions of the *Corporation Act 2001*.

We declare that, to the best of our knowledge and belief, in relation to the audit for the year ended 30 June 2010, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contravention of the code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to this audit.

Yours faithfully

Greg Ledger Pty Ltd
Chartered Accountants



Greg Ledger
31 August 2010

SHREE MINERALS LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30 JUNE 2010

	Note	30 June 2010 \$	30 June 2009 \$
Revenue from continuing operations			
Interest		76,015	19,926
Expenses from continuing operations			
Finance charges		(2,689)	(1,628)
Employee and consulting fees		(203,366)	(116,641)
Regulatory costs		(45,479)	(1,000)
Occupancy and communication		(38,501)	(3,425)
Foreign exchange loss		(16,922)	-
Accounting and Legal Fees		(15,866)	(2,820)
Other Expenses		(61,935)	(15,832)
Loss before income tax		<u>(308,743)</u>	<u>(121,423)</u>
Income tax expense	4	-	-
Loss for the period		<u>(308,743)</u>	<u>(121,423)</u>
Other comprehensive income		-	-
Comprehensive Loss for the year		<u>(308,743)</u>	<u>(121,423)</u>
Earnings per share for (loss) attributable to ordinary equity holders of the company:			
Basic (loss) cents per share	5	(0.004)	(0.21)

The accompanying notes form part of these financial statements.

SHREE MINERALS LTD

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	30 June 2010 \$	30 June 2009 \$
Assets			
<i>Current Assets</i>			
Cash and cash equivalents	6	3,113,238	235,997
Receivables	7	105,939	9,086
Total Current Assets		<u>3,219,177</u>	<u>245,083</u>
<i>Non-Current Assets</i>			
Exploration and evaluation	9	4,556,445	3,381,029
Plant and equipment	8	1,036	-
Total Non-Current Assets		<u>4,557,481</u>	<u>3,381,029</u>
Total Assets		7,776,658	3,626,112
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables	10	(51,062)	(160,686)
Provisions	10	(4,326)	(16,911)
Total Current Liabilities		<u>(55,388)</u>	<u>(177,596)</u>
<i>Non-Current Liabilities</i>			
Payables	10	-	(1,000,000)
Total Non-Current Liabilities		<u>-</u>	<u>(1,000,000)</u>
Total Liabilities		(55,388)	(1,177,596)
Net Assets		7,721,270	2,448,516
Equity			
Contributed equity	11	8,163,345	2,581,848
Retained profits (losses)	12	(442,075)	(133,332)
Total Equity		7,721,270	2,448,516

The accompanying notes form part of these financial statements.

SHREE MINERALS LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Issued Capital \$	Retained Losses \$	Total \$
BALANCE AT 1 July 2008		3,500,400	(11,909)	3,488,491
Total comprehensive income for the period	12	-	(121,423)	(121,423)
Shares issued during the year	11	-	-	-
Reduction in share capital		(900,000)	-	(900,000)
Capital raising costs		(18,552)	-	(18,552)
SUB-TOTAL		2,581,848	(133,332)	2,448,516
Dividends paid or provided for		-	-	-
BALANCE AT 30 JUNE 2009		2,581,848	(133,332)	2,448,516
BALANCE AT 1 July 2009		2,581,848	(133,332)	2,448,516
Total comprehensive income for the period	12	-	(308,743)	(308,743)
Shares issued 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

The accompanying notes form part of these financial statements.

SHREE MINERALS LTD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	30 June 2010	30 June 2009
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(1,031,437)	(333,608)
	<u>(1,031,437)</u>	<u>(333,608)</u>
Interest received	30,915	19,926
Finance and borrowing costs paid	(2,689)	(1,628)
Net cash inflow from operating activities	<u>(1,003,211)</u>	<u>(315,310)</u>
Cash flows from investing activities		
Payment for plant and equipment	(1,045)	-
Payments for tenement acquisition	(550,000)	-
Net cash outflow from financing activities	<u>(551,045)</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	4,764,500	600,000
Payments for share issue costs	(333,003)	-
Repayment of borrowings	-	(49,675)
Net cash outflow from financing activities	<u>4,431,497</u>	<u>550,325</u>
Net (decrease) increase in cash and cash equivalents	2,887,241	235,015
Cash and cash equivalents at the beginning of the financial period	235,997	982
Cash and cash equivalents at the end of the financial period	<u>3,113,238</u>	<u>235,997</u>

The accompanying notes form part of these financial statements.

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2010

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 2010 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.

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2010

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 2010

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

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2010

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 2010

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

f. Impairment of 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 2010

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 2010

o. Operating segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement of impact

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. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reporting for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker. The company has only one operating segment which is presented in the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position.

p. AASB 101 Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Company's financial statements.

Disclosure impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity - The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required only that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010

statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Company's financial statements now contain a statement of comprehensive income.

Other comprehensive income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

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
Steve Ledger	Company Secretary

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 2010

Key Management Person	Balance 1.7.2009	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2010
Mr Sanjay Loyalka ¹	32,500,000	-	-	(7,185,000)	-	25,315,000
Mr Mahendra Pal	-	-	-	-	-	-
Mr Arun Jagatramka ²	10,000,000	-	-	5,000,000	-	15,000,000
Mr Andy Lau	-	-	-	-	-	-
Mr Steve Ledger ³	-	-	-	20,000	-	20,000
	42,500,000	-	-	(2,165,000)	-	40,335,000

1. During the year Mr Loyalka sold 8,000,000 shares to China Alliance Group. Mr Loyalka purchased 65,000 shares on market. A related entity of Mr Loyalka, IACG Pty Ltd also acquired 750,000 via a farmin agreement.

2. Mr Jagatramka is a director of Gujurat NRE Resources NL. The company acquired 5,000,000 shares pursuant to a tenement acquisition agreement.

3. Mr Ledger is a director of Ledger Corporate Pty Ltd. The company and its associated entities acquired 20,000 shares during the year.

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010

30 June 2009

Key Management Person	Balance 1.7.2008	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30.6.2009
Mr Sanjay Loyalka	32,500,000	-	-	-	-	32,500,000
Mr Mahendra Pal	-	-	-	-	-	-
Mr Arun Jagatramka	10,000,000	-	-	-	-	10,000,000
Mr Andy Lau	-	-	-	-	-	-
Mr Steve Ledger	-	-	-	-	-	-
	42,500,000	-	-	-	-	42,500,000

NUMBER OF OPTIONS HELD BY KEY MANAGEMENT PERSONNEL

30 June 2010

Key Management Person	Balance 30.6.2009	Granted as compensation	Options Exercised	Net Change Other	Balance 30.6.2010	Total Vested 30.6.2010	Total Exercisable 30.6.2010	Total Unexercisable 30.6.2010
Mr Sanjay Loyalka	-	-	-	-	-	-	-	-
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	10,000	10,000	500,000
	-	1,500,000	-	10,000	1,510,000	10,000	10,000	1,500,000

1. Mr Pal was granted 1,000,000 options pursuant to the 2009 annual general meeting.

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.

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

30 June 2009

There were no options on issue at 30 June 2009

NOTE 3: AUDITORS' REMUNERATION

	30 June 2010 \$	30 June 2009 \$
Remuneration paid or payable of the auditor for:		
– Auditing or reviewing the financial report	7,666	2,700
– Taxation services and corporate services	-	320
	<u>7,666</u>	<u>3,020</u>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010

NOTE 4: INCOME TAX

	30 June 2010	30 June 2009
	\$	\$
a. Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
Deferred income tax expense included in income tax expense comprises:		
(a) (Increase) in deferred tax assets	(352,625)	(88,850)
(b) Increase in deferred tax liabilities	352,625	88,850
	-	-
	30 June 2010	30 June 2009
	\$	\$
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 on operating profit at 30%	(92,623)	(36,427)
Add / (Less)		
Tax effect of:		
Deferred tax asset not brought to account	92,623	36,427
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
c. Deferred tax assets		
Tax Losses	-	-
Provisions	1,298	2,250
Other	351,327	86,330
Set-off deferred tax liabilities	(352,625)	(88,580)
Net deferred tax assets	-	-

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010

d. Deferred tax liabilities

Exploration expenditure	352,625	88,580
Set-off deferred tax assets	(352,625)	(88,580)
Net deferred tax liabilities	-	-

e. Tax losses

Unused tax losses for which no deferred tax asset has been recognised	1,983,741	416,097
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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 2010 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.

NOTE 5: EARNINGS PER SHARE

	30 June 2010	30 June 2009
	\$	\$
a. Earnings used to calculate basic EPS	(308,743)	(121,423)
	Number of Shares	Number of Shares
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	69,824,568	55,802,740

NOTE 6: CASH AND CASH EQUIVALENTS

	30 June 2010	30 June 2009
	\$	\$
Cash at bank and in hand	3,113,238	235,997

NOTE 7: TRADE AND OTHER RECEIVABLES

	30 June 2010	30 June 2009
	\$	\$
Interest receivable	45,101	-
Security deposits	19,000	-
GST and ABN withholding tax receivables	41,838	9,086
	<u>105,939</u>	<u>9,086</u>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010

NOTE 8: PROPERTY, PLANT & EQUIPMENT

	30 June 2010	30 June 2009
	\$	\$
Plant And Equipment		
Office Equipment – at cost	1,045	-
Accumulated depreciation	(9)	-
	1,036	-

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 2009	-	-	-
Additions	-	1,045	1,045
Depreciation expense	-	(9)	(9)
Balance at 30 June 2010	-	1,036	1,036

NOTE 9: EXPLORATION EXPENDITURE

	30 June 2010	30 June 2009
	\$	\$
Exploration and evaluation phase expenditure capitalised	4,556,445	3,381,029

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.

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010

NOTE 10: TRADE AND OTHER PAYABLES

	30 June 2010	30 June 2009
	\$	\$
<i>Current</i>		
Trade creditors	51,062	160,686
Other payables and accruals	4,326	16,911
	<u>55,388</u>	<u>177,597</u>
<i>Non Current</i>		
Other Payable	-	1,000,000
	<u>-</u>	<u>1,000,000</u>

During the year, the terms of the tenement acquisition agreement with Gujarat NRE Resources NL were varied. The variation provided for the outstanding loan of \$1,000,000 to be replaced with the issue of 5,000,000 shares upon successful listing. Equity has been issued to Gujarat NRE Resources NL in accordance with this variation.

NOTE 11: CONTRIBUTED EQUITY

	30 June 2010	30 June 2009
	\$	\$
87,422,500 (2009: 56,000,000) Fully paid ordinary shares	8,163,345	2,581,848
	<u>8,163,345</u>	<u>2,581,848</u>

The Company has issued capital amounting to 87,422,500 (2009:56,000,000) with no par value

(a) Ordinary Shares	Number of Shares	Number of Shares
At the beginning of the reporting period	56,000,000	50,000,000
Shares issued during the period		
– 13 July 2008	-	6,000,000
– 6 November 2009	8,000,000	-
– 16 February 2010	17,417,500	-
– 18 February 2010	6,000,000	-
– 2 March 2010	5,000	-
	<u>87,422,500</u>	<u>56,000,000</u>
At reporting date	<u>87,422,500</u>	<u>56,000,000</u>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010

(b) **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 2010 and 30 June 2009 are as follows:

Cash and cash equivalents	3,113,238	235,997
Trade and other receivables	105,939	9,086
Trade and other payables	(55,388)	(177,596)
Working capital position	3,163,789	67,487

NOTE 12: RETAINED LOSSES

	30 June 2010	30 June 2009
	\$	\$
a. Retained Losses		
At the beginning of the reporting period	133,332	11,909
Comprehensive loss	308,743	121,423
At reporting date	442,075	133,332

b. Option Reserve

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

NOTE 13: COMMITMENTS

	30 June 2010	30 June 2009
	\$	\$
a. The Company has tenements rental and expenditure commitments of:		
Payable:		
– not later than 12 months	253,584	-
– between 12 months and 5 years	-	-
– greater than 5 years	-	-

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010

NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or assets.

NOTE 15: CASH FLOW INFORMATION

	30 June 2010	30 June 2009
	\$	\$
(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	3,113,238	235,997
(b) Reconciliation of Cash Flow from Operations with Operating Profit after Income Tax		
Operating loss after income tax	(308,743)	(121,423)
Non-cash flows in profit from ordinary activities		
Depreciation and amortisation	9	-
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(96,852)	(8,457)
(Increase)/decrease in other assets	(625,417)	(339,474)
Increase/(decrease) in trade and other payables	27,791	154,044
<i>Net Cash Flow from/(used in) Operating Activities</i>	(1,003,212)	(315,310)

NOTE 16: RELATED PARTY TRANSACTIONS

Key Management Personnel

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

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.

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.

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2010

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 2010, 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 \$23,349 lower/higher (2009 - \$1,770 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.

b. 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 2010

	Floating Interest Rate		Fixed Interest Rate				Non Interest Bearing		Total		Weight Effective Interest Rate	
	2010 \$	2009 \$	1 Year or Less		1 to 5 Years		2010 \$	2009 \$	2010 \$	2009 \$	2010 %	2009 %
			2010 \$	2009 \$	2010 \$	2009 \$						
Cash	61,371	191,939	3,051,867	44,058	-	-	-	-	3,113,238	235,997		
Trade and other receivables	-	-	-	-	-	-	105,939	9,086	105,939	9,086		
Total Financial Assets	61,371	191,939	3,051,867	44,058	-	-	105,939	9,086	3,219,177	245,083		
Financial Liabilities												
Trade and other payables	-	-	-	-	-	-	(55,388)	(177,596)	(55,388)	(177,596)	N/A	N/A
Total Financial Liabilities	-	-	-	-	-	-	(55,388)	(177,596)	(55,388)	(177,596)		

NOTE 18: OPERATING SEGMENTS

The consolidated entity 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 18,453,500 (2009:nil) options were issued and 8,703,500 of these were listed on the Australian Stock Exchange.

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.

To determine the fair value of share based payments during the year, the company used valuation techniques including Black Scholes option pricing model. The value attributed to these options under this method was \$60. Furthermore, as the listed options of similar term and exercise conditions are currently valued on the Australian Stock Exchange at \$nil, the Company believes no expense is required in the current period.

Fair Value of Share Options and Assumptions

The fair value of services received in return for share options granted to Directors is measured by reference to the fair value of options granted. The estimate of fair value of the services is measured based on the Black-Scholes option valuation methodology. The life of the option and early exercise option are built into the option model.

The assumptions used for the options valuation are as follows:

Exercise Price	\$0.20
Expected Life	3 years
Share price at time of issue	\$0.10
Expected volatility	75.00%
Dividend Yield	0%
Risk free interest rate	4.5%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010**a. Expenses arising from share-based payment transactions**

There were \$nil (2009:\$nil) expenses arising from share-based payment transactions recognised during the period.

NOTE 20: CHANGE IN ACCOUNTING POLICY

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The group's and the parent entity's assessment of the impact of these new standards and interpretations are set out below.

AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or cash-settled transaction. The company will apply these amendments retrospectively for the financial reporting period commencing 1 July 2010. There will be no impact on the company's financial statements.

AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB13 2] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the user. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the services price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The company will apply the amended standard from 1 July 2010. As the company has not made any such rights issues, the amendment will not have any effect on the company's financial statements.

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

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The company is yet to assess its full impact. The company has not yet decided when to adopt AASB 9.

AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity negotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The company will apply the interpretation from 1 July 2010. It is not expected to have any impact on the company's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the company has not entered into any debt for equity swaps since that date.

AASB 2010-13 Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual periods beginning on or after 1 July 2010/ 1 January 2011)

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2010

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The company will apply the amendments from 1 July 2010. The company is yet to assess its full impact.

NOTE 21: COMPANY DETAILS

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

Suite 1a

46 Ord St

West Perth WA 6005

Ph: 08 9322 4944

Fax: 08 9322 4946

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 18 to 40, 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 2010 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 2010, 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.

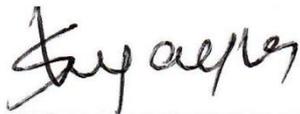
2. There are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities when they become due and payable.

3. The remuneration disclosures in the audited Remuneration Report on pages 6 to 11 in the Directors' report for the year ended 30 June 2010 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 2010.

Dated at 46 Ord St West Perth this 31st day of August 2010.

Signed in accordance with a resolution of the directors:



Sanjay Loyalka

Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SHREE MINERALS LIMITED**

We have audited the accompanying financial report of Shree Minerals Limited, which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes of equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australia Accounting Interpretations) and the *Corporation Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing Standards require that we 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity'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 entity's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors' as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with financial report

Our audit did not involve an analysis of the procedure of business decisions made by directors or management.

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

SHREE MINERALS LTD
INDEPENDENT AUDITORS' REPORT

Independence

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

Auditor's Opinion

In our opinion, the financial report of Shree Minerals Limited is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*

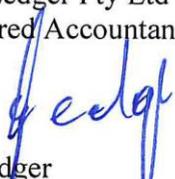
Report on the Remuneration Report

We have audited the Remuneration report included in the directors' report for the year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion, the Remuneration report within the directors' report of Shree Minerals Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Greg Ledger Pty Ltd
Chartered Accountants


RG Ledger
Perth, 31 August 2010

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 20 August 2010.

BUSINESS OBJECTIVES

On 16 February 2010, the company was admitted to the official list of the Australian Securities Exchange. Since that time through to the date of this report, the company confirms that it has used cash and assets readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

SUBSTANTIAL SHAREHOLDERS

On the 25 February 2010, the company received substantial shareholder notices from;

- Mr Sanjay Loyalka as trustee for the Loyalka Family Trust (24,500,000 ordinary shares)
- Gujrat NRE Resources NL (15,000,000 ordinary shares)
- Ullapool Investments Pty Ltd (6,000,000 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 20 AUGUST 2010

Holdings Ranges	Holders	Total Units	%
1 - 1,000	0	0	0.000
1,001 - 5,000	275	1,375,000	7.451
5,001 - 10,000	46	370,750	2.009
10,001 - 100,000	167	4,473,000	24.239
100,001 - 99,999,999,999	14	12,235,000	66.301
	502	18,453,750	100.000

DISTRIBUTION SCHEDULE – SHAREHOLDINGS AS AT 20 AUGUST 2010

Holdings Ranges	Holders	Total Units	%
1 - 1,000	0	0	0.000
1,001 - 5,000	4	17,945	0.021
5,001 - 10,000	248	2,468,414	2.824
10,001 - 100,000	186	7,204,249	8.241
100,001 - 99,999,999,999	37	77,731,892	88.915
	475	87,422,500	100.000

SHREE MINERALS LTD

SHAREHOLDER INFORMATION

UNMARKETABLE PARCELS

There is one unmarketable parcel as at 20th August 2010.

20 LARGEST SHAREHOLDERS AS AT 20 AUGUST 2010

Holder Name	Balance	%
MR SANJAY KUMAR LOYALKA <LOYALKA FAMILY A/C>	24,500,000	28.025
CHINA ALLIANCE INTERNATIONAL HOLDINGS GROUP LIMITED	16,000,000	18.302
GUJARAT NRE RESOURCES NL	15,000,000	17.158
ULLAPOOL INVESTMENTS PTY LTD <THE ULLAPOOL A/C>	6,000,000	6.863
ROSECLIFF HOLDINGS PTY LTD <SAHIB INVESTMENT A/C>	3,750,000	4.290
ME GAWILD ENTERPRISES PTY LTD <VEER POONAM POOJAN PROP A/C>	2,500,000	2.860
MEGAWILD ENTERPRISES PTY LTD <VEER POONAM POOJAN PROP A/C>	1,250,000	1.430
DR DEEPAK NARAN <THE NARAN FAMILY NO 1 A/C>	1,000,000	1.144
IACG PTY LTD	750,000	0.858
CITICORP NOMINEES PTY LIMITED	500,000	0.572
MS EMMA HALL	500,000	0.572
BRIAN EDWARD VON BERGHEIM PTY LTD <THE GREENWAY A/C>	500,000	0.572
MR PANKAJ OSWAL	500,000	0.572
TANDON SUPERANNUATION SERVICES PTY LTD <THE TANDON PENSION FUND A/C>	350,000	0.400
DAVSA FORTY-NINTH PTY LTD	290,892	0.333
MR ASOK KUMAR & MRS RENU KUMAR <ASOK KUMAR FAMILY S/F A/C>	276,000	0.316
VECTOR NOMINEES PTY LIMITED <THE VECTOR SUPER FUND A/C>	250,000	0.286
MR MATTHEW BOWLES	250,000	0.286
MR PETER MACGILL	250,000	0.286
MR TARUN GANDHI	250,000	0.286
	74,666,892	85.411

20 LARGEST OPTION HOLDERS AS AT 20 AUGUST 2010

Holder Name	Balance	%
CHINA ALLIANCE INTERNATIONAL HOLDINGS GROUP LIMITED	8,000,000	43.352
MAHENDRA PAL	1,000,000	5.419
ROSECLIFF HOLDINGS PTY LTD <SAHIB INVESTMENT A/C>	625,000	3.387
MEGAWILD ENTERPRISES PTY LTD <VEER POONAM POOJAN PROP A/C>	625,000	3.387
MR STEVE LEDGER	500,000	2.709
CITICORP NOMINEES PTY LIMITED	250,000	1.355
MR PANKAJ OSWAL	250,000	1.355
ZURICH SECURITIES PTY LTD	250,000	1.355
TANDON SUPERANNUATION SERVICES PTY LTD <THE TANDON PENSION FUND A/C>	125,000	0.677
VECTOR NOMINEES PTY LIMITED <THE VECTOR SUPER FUND A/C>	125,000	0.677
MR TARUN GANDHI	125,000	0.677
INFOTEL BUSINESS SOLUTIONS LIMITED	125,000	0.677
DEPAK DOLATHRAI NARAN <THE NARAN FAMILY NO 1 A/C>	125,000	0.677
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	110,000	0.596
MR JOHN WILLIAM ROTHE	100,000	0.542
MR SCOTT ROBERT FAIRFAX SEVILLE	100,000	0.542
MICHAEL LEE ANGHIE & SANDY MICHELLE ANGHIE <SPEEDBOAT SUPER FUND A/C>	100,000	0.542
MR DAVID JOHN BRYDEN	100,000	0.542
CHALLAND PTY LIMITED <CHALDJIAN FAMILY A/C>	62,500	0.339
LACEGLEN HOLDINGS PTY LTD <CADLY SUPERFUND A/C>	62,500	0.339
	12,760,000	69.146