

SHREE MINERALS LIMITED

ACN 130 618 683

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2012

THIS HALF-YEAR FINANCIAL REPORT IS TO BE READ IN CONJUNCTION WITH THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

SHREE MINERALS LIMITED

CORPORATE DIRECTORY

DIRECTORS

Sanjay Loyalka
Amu Shah
Mahendra Pal
Arun Kumar Jagatramka
Andy Lau

COMPANY SECRETARY

Sanjay Loyalka

REGISTERED OFFICE

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SOLICITORS

Steinepreis Paganin
Lv 4, 16 Milligan St
Perth WA 6000

AUDITORS

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

BANKERS

Commonwealth Bank of Australia
St Georges Tce
Perth WA 6000

SHREE MINERALS LTD

Your directors present their report on the Company for the half year ended 31 December 2012.

DIRECTORS

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

Sanjay Loyalka
Amu Shah
Mahendra Pal
Arun Kumar Jagatramka
Andy Lau

REVIEW OF OPERATIONS AND ACTIVITIES

During the reporting period the following work was carried out:

- 3D Magnetic Modelling of Nelson Bay River and Rebecca Creek tenements
- Statutory approvals for the NBR Project progressed.
- Study of HyLogged mineralogy of Sulphide Creek drill cores
- Reserve estimation for the NBR Project

Highlights

- Approval for mine development at the Nelson Bay Iron Project (NBR) from the Circular Head Council, Tasmania was received
- Approval was also received from the Environmental Protection Authority (EPA), Tasmania for mining at NBR
- Grant of Mining Lease from Mineral Resources Tasmania (MRT) for mining at NBR has been received
- Commonwealth Government approval for mine development at the Nelson Bay Iron Project (NBR) was received; with this, all approvals are in hand to develop mine at Nelson Bay River Iron Ore Project
- Maiden DSO Reserves for the first two years of DSO mining at the Nelson Bay River Iron (NBR) Project were estimated and reported.
- The 2011/12 fieldwork at Mt Sorell has identified encouraging signs for the presence of Volcanic Hosted Massive Sulphide (VHMS) mineralisation system in the area

Nelson Bay River Iron Ore Project

During the report period, the Company resources were engaged both in getting the exploration work done as well as in obtaining necessary approvals from various government agencies for developing a DSO mine at the Nelson Bay Iron Ore Project. Now all approvals are in place and the Company is actively engaged in preparation for developing a "First DSO Mine" in Tasmania.

A Maiden Reserve estimation to support a Mine Plan for two years DSO production at the Nelson Bay River Iron Project was made. Additionally to help in refining drilling program to improve DSO resources in category and quantity a 3D Magnetic modelling of the NBR and environs was carried out. The 3D Magnetic modelling suggests continuity of the magnetite-bearing dike from north to south.

Outlook

With all approvals for developing mine at NBR at hand, the Company is planning a comprehensive exploration strategy to extend DSO resources at the NBR project and environs. In addition efforts will be made to locate "iron detrital resources" in the area. Further exploration will involve ground and airborne geophysical work, geological mapping, more 3D magnetic modelling and drilling of new targets and areas where ore is open both along and across strike at depth.

A drilling program of RC and HQ diamond was planned. The RC is to upgrade iron resources in both category and quantity. The diamond drilling is planned for geotechnical work in the area. However, due to non-

SHREE MINERALS LTD

availability of drilling contractor in time, the RC drilling scheduled for November 2012 commenced on 3 January 2013 and diamond drilling commenced in late January 2013.

Sulphide Creek HyLogger mineralogy study

During the report period a short field reconnaissance along with spectral logging (to establish the hydrothermal alteration halos in the tenement) of 1075 m core from 6 drill holes using MRT owned HyLogger was carried out. Interpretation of the HyLogger data was carried out by Huntington Hyperspectral Pty Ltd (Specialists in spectroscopic interpretation).

- The HyLogging data offers fresh insight that should be valuable in re-thinking mineralised alteration signatures in the region.
- A spatial association is observed between the gold (Au) assays and spectroscopic signatures of an alteration mineral assemblage comprising dickite plus hematite, minus white mica and kaolin, occurring at a boundary (gradient) in mica chemistry composition.
- Structural mapping at the Coupon and Anomaly 24-28 areas revealed an west dipping shear trend, which is poorly tested by much of the previous west directed drilling. The only east directed drill holes are either short or outside the zone of main Au anomalism. This requires drill testing

Outlook

All newly acquired information is planned to be integrated with existing data and develop a comprehensive phased program. The program will encompass geological mapping, with emphasis on structure, rock chip and stream sediment sampling and defining Au mineralisation trends in the tenement and finally drill testing of potential targets.

RESULT OF OPERATIONS

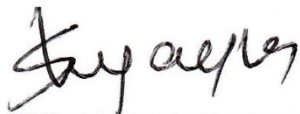
The net loss after income tax for the period was \$332,489 (2011: \$335,648).

FINANCIAL POSITION

The net assets of the Company are \$8,473,376 as at 31 December 2012 (at 30 June 2012: \$8,805,865).

AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 4 for the half-year ended 31 December 2012.



Sanjay Loyalka
Chairman

Dated at 14th March 2013.

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Shree Minerals Limited for the half-year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance

Perth, 14 March 2013

SHREE MINERALS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	31-Dec-12	31-Dec-11
	\$	\$
Revenue from continuing operations		
Interest	64,698	91,092
Expenses from continuing operations		
Finance charges	-24,075	-950
Employee and consulting fees	-256,929	-371,459
Regulatory costs	-23,158	-13,571
Occupancy and communication	-12,044	-12,127
Travel and accommodation	-6,206	-6309
Accounting and legal Fees	-27,797	-19,118
Impairment of exploration tenements	0	0
Other Expenses	-46,978	-3,206
Loss before income tax	<u>-332,489</u>	<u>-335,648</u>
Income tax expense	0	0
Loss for the period	<u>-332,489</u>	<u>-335,648</u>
Other comprehensive income	<u>0</u>	<u>0</u>
Comprehensive Loss for the period	<u>-332,489</u>	<u>-335,648</u>
Earnings per share for (loss) attributable to ordinary equity holders of the company:		
Basic (loss) cents per share	-0.35	-0.70

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

SHREE MINERALS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	31-Dec-12	30-Jun-12
	\$	\$
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	2,099,308	2,595,756
Receivables	57,332	341,796
Other Assets	247,122	93,772
Total Current Assets	<u>2,403,762</u>	<u>3,031,324</u>
<i>Non-Current Assets</i>		
Exploration and evaluation	6,125,021	5,931,785
Plant and equipment	12,060	2,889
Total Non-Current Assets	<u>6,137,081</u>	<u>5,934,674</u>
Total Assets	<u>8,540,842</u>	<u>8,965,998</u>
Liabilities		
<i>Current Liabilities</i>		
Trade and other payables	-48,547	-156,294
Provisions	-18,919	-3,839
Total Current Liabilities	<u>-67,466</u>	<u>-160,133</u>
Total Liabilities	<u>-67,466</u>	<u>-160,133</u>
Net Assets	<u>8,473,376</u>	<u>8,805,865</u>
Equity		
Contributed equity	9,678,432	9,678,432
Reserves	284,587	284,587
Accumulated losses	-1,489,644	-1,157,154
Total Equity	<u>8,473,376</u>	<u>8,805,865</u>

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

SHREE MINERALS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Issued Capital	Accumulated Losses	Share Based Option Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2011	8,500,310	-906,253	129,145	7,723,202
Shares issued during the year	1,256,500	-	-	1,256,500
Capital raising costs	-	-	-59,028	-59,028
Loss attributable to equity shareholders	-	-335,648	-	-335,648
Share based payments	-	-	155,442	155,442
Balance at 31 December 2011	9,756,810	-1,241,901	225,559	8,740,468
Balance at 1 July 2012	9,678,432	-1,157,154	284,587	8,805,865
Loss attributable to equity shareholders	-	-332,489	-	-332,489
Balance at 31 December 2012	9,678,432	-1,489,643	284,587	8,473,376

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

SHREE MINERALS LIMITED

CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	31-Dec-12	31-Dec-11
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	-680,726	-166,182
Increase in Security Deposits	-153,350	0
Interest received	80,716	81,090
Research and Development tax concession	266,702	0
Other Income	0	69,091
Net cash inflow from operating activities	-486,658	-16,001
Cash flows from investing activities		
Payment for plant and equipment	-9,791	-445,325
Net cash outflow from investing activities	-9,791	-445,325
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	0	1,150,000
Payments for share issue costs	0	-59,028
Net cash outflow from financing activities	0	1,090,972
Net (decrease) increase in cash and cash equivalents	-496,449	629,646
Cash and cash equivalents at the beginning of the financial period	2,595,757	2,557,162
Cash and cash equivalents at the end of the financial period	2,099,308	3,186,808

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

SHREE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to the financial period.

(A) BASIS OF PREPARATION

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards ensure that the financial statements and notes comply with International Financial Reporting Standards.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Shree Minerals Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the Company and are consistent with those in the annual financial report for the year ended 30 June 2012.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

SHREE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2. OPERATING SEGMENTS

The Company operates predominately in one segment involved in mineral exploration and development industry. 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 3: CONTRIBUTED EQUITY

On 31st December 2012, there were 95,947,500 ordinary shares issued, with a value of \$18,230,025. During the half year ended 31st December 2012 the number of shares placed were NIL.

NOTE 4: DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2012.

NOTE 5: CONTINGENT LIABILITIES

Since the last reporting date, there has been no change of any contingent liabilities or contingent assets.

NOTE 6: EVENTS SUBSEQUENT TO BALANCE DATE

Since balance date there are no items, transactions or events of a material and unusual nature likely, in the opinion of the Directors, to affect significantly, the results of those operations, or the state of affairs of the Company in future financial years.

SHREE MINERALS LIMITED

DIRECTORS' DECLARATION

In the directors' opinion:

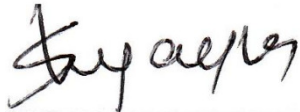
(a) the financial statements and notes set out on pages 5 to 10 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Company's financial position as at 31st December 2012 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial period ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Sanjay Loyalka
Chairman

Signed at Perth the 14th day of March 2013.

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

We have reviewed the accompanying half-year financial report of Shree Minerals Limited ("Company"), which comprises the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of Shree Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Shree Minerals Limited financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Shree Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review

procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Shree Minerals Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance

Perth, 14 March 2013