
SHREE MINERALS LIMITED

ACN 130 618 683

2014 ANNUAL REPORT

SHREE MINERALS LTD

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CORPORATE DIRECTORY

DIRECTORS

Sanjay Loyalka
Rajesh Bothra
Andy Lau
Amu Shah

COMPANY SECRETARY

Sanjay Loyalka

REGISTERED OFFICE

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Perth WA 6000

AUDITORS

Grant Thornton Audit Pty Ltd
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West Perth WA 6005

BANKERS

Commonwealth Bank of Australia
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SHARE REGISTRY

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DIRECTORS' REPORT

The Directors present this report together with the financial report of Shree Minerals Ltd ('the Company') for the year ended 30th June 2014 and the auditors' report thereon.

DIRECTORS

The names of the Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Sanjay Loyalka

Mr Andy Lau

Mr Amu Shah

Mr Rajesh Bothra (appointed w.e.f. 27th June 2014)

Mr Mahendra Pal (retired w.e.f. 27th June 2014)

Mr Arun Jagatramka (retired w.e.f. 28th November 2013)

COMPANY SECRETARY

Mr Sanjay Loyalka

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year consisted of mineral exploration & development and mining of Iron Ore.

During the financial year, the company obtained the required approvals and commenced mining of Iron Ore.

OPERATING RESULTS

Operating EBITDA before extra ordinary items for the year was \$715,416 (2013: -\$863,939). The net loss of the Company after providing for income tax amounted to \$1,391,141 (2013:\$622,762) as following:

	2014	2013
Operating EBITDA (before non-cash and other items below)	715,416	-863,969
Impairment of Exploration Tenements (due to relinquishment)	-900,615	0
Impairment (diminution) of Inventory carrying value (at net realisable value due to Iron Ore price movements)	-608,726	0
Depreciation & Amortisation	-1,244,502	-4,306
Foreign exchange Gain/Loss	212,014	-47,419
Income Tax benefit/expense	435,272	292,932
Loss after Tax	-1,391,141	-622,762

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

Highlights

- Statutory approvals received for Nelson Bay Iron Project (NBR) after a lengthy & protracted process which pushed the commencement of NBR project to the bottom of the Iron Ore Price Cycle.
- Production of DSO Iron Ore commenced at NBR project
- DSO Reserves updated for the first two years of DSO mining at the NBR Project
- Share Placement to raise \$ 4.13 mn
- Following sharp falls in Iron Ore prices during last quarter of the financial year, NBR project operations suspended & put on care & maintenance.
- Steps have been taken to conserve cash resources.
- Non Renounceable Rights issue completed after Balance Sheet date to raise \$1.623 mn.

Nelson Bay River Iron Ore Project

Project Development

Your company has made significant progress during the financial year which has been witness to the Company's journey from explorer to an iron ore producer.

Shree Minerals is proud to be the first company to conceptualise Direct Shipping Iron Ore (DSO) in Tasmania – there was no known information from Tasmania or anywhere else on the metallurgical characteristics of the NBR type DSO products - this has been a trend-setter and already other iron ore investments have followed this lead. Nelson Bay River Iron ("NBR") Project also has the proud distinction of being the first Greenfield mine in North West Tasmania in many years.

The development of Nelson Bay River (NBR) iron ore required careful planning and execution of the drilling and metallurgical testing phase. The geology of the iron ore deposits at Nelson Bay River is unique and requisite work was completed to develop the material into commercial grade iron ore for downstream processing in the steel industry.

Development of the project involves three stages. The first stage is to develop a relatively shallow open cut mine to produce direct shipping grade ore. This direct shipping ore (DSO) only requires crushing and screening to produce the DSO products.

Stage two involves the continuation of mining of the DSO to the north. Here the DSO is composed of lower grade material, which is considered to have the potential to produce a commercial product by beneficiation (BFO). During the year, DSO stage 1 was implemented & work also continued for the next stage being BFO phase to develop new knowledge in the form of developing an optimal process flow sheet.

Stage three of the project involves the open cut mining of the deep magnetite orebody beneath the DSO resource cap. This magnetite ore will require processing to produce saleable magnetite products. Earlier studies demonstrated that the magnetite ore could produce two products, a dense media magnetite (DMM) product, suitable for coal washery applications, or a blast furnace pellet (BFP) magnetite product. Suppliers are few in number for the higher value DMM product and mining generally occurs on a small scale. This would suit the Nelson Bay Iron Project. Studies to-date have reflected a stable market and pricing for DMM as an industrial mineral in Eastern Seaboard of Australia with domestic production not being adequate to meet demand resorting to imports, thereby confirming the long-term value potential of the NBR project.

The company is also proud to achieve development timelines & competitive costs at benchmark levels.

DIRECTORS' REPORT

Approvals

Having taken a leadership role in mine project development in the area, the company found itself caught in a quagmire of misinformation, negativity and legal process brought on by minority activist groups.

NBR became a test case for developing mining in the region and as a consequence has:

- the unenviable distinction of being subject to separate Commonwealth and State environmental assessment processes which normally the Commonwealth would have relied on the State environmental assessment process under bilateral arrangements; and
- undergone a very rigorous and long drawn out assessment process by both regimes

The company had submitted its application for statutory approvals in February 2011. Following a very lengthy & protracted approvals & appeals process, during the financial year, the Company finally received requisite approvals for the NBR Project.

The Company received Commonwealth Government Approval under the EPBC Act for the NBR Project in August 2013 after the earlier approval decision made on 18th December 2012 by the Federal Environment Minister to approve the NBR project under the Environment Protection and Biodiversity Conservation Act was set aside by the Federal Court as a consequence of an application for a judicial review in April 2013. The Court ordered an injunction in May 2013. Subsequently, the hearing was conducted & decision made by the Court in July 2013. Seven grounds of challenge were put up. Three were abandoned during the course of the case. Three were dismissed by the Court. Only one was upheld that the Minister had failed to comply with a mandatory requirement that he consider an approved conservation advice regarding the Tasmanian devil.

The company had previously in 2012, received State Government approvals including a Mining Lease and a Development Permit, including the Tasmanian EPA's environmental approvals. There was an appeal against the State planning and environmental permit, which was dismissed by the Tasmanian Resource Management and Planning Appeal Tribunal.

The decision came after an extensive and comprehensive assessment process to confirm that the mine would proceed in accordance with best practice environmental management. The company engaged the services of renowned experts to assess impacts plan & implement measures for conservation including compliance with all approval conditions in this regard.

Development & Production

The company has achieved the project development from exploration to production at attractive capital costs. During the year installation of requisite infrastructure & all necessary contractual arrangements to produce DSO Iron Ore (Direct Ship Iron Ore) & transportation of the product for storage & loading at port were completed. Ore production commenced in November 2013. Iron Ore sales commenced in January 2014 with the first ship M/V "LIVANITA" for 42,083 tonnes from Burnie Port, departed 28th January 2014. The mining & production figures are as per Table 1.

Table 1

		Year ending 30/06/2014	Year ending 30/06/2013
Waste Stripping	BCM	636,347	0
Ore Mining	Tonnes	224,571	0
Ore Crushing & screening	Tonnes	153,332	0
Sales	Tonnes	130,899	0

DIRECTORS' REPORT

- As initial operations commenced, Iron ore grades gradually ramped towards forecast levels. The iron ore fines grades were lower compared to Lump Product. The production is now approx 50% Iron Ore Lumps for which the premium has been set linked to published spot indices.
- Transportation to port during the year has been slower than forecast levels. Steps have been taken towards improvement.
- The mine schedule was adjusted appropriately to reduce total material mined prior to the suspension of operations in mid June 2014. Consequently, significantly lower waste quantities were mined during the quarter April to June 2014. Crushing was also lower during this period to adjust to transport rates.
- As iron ore prices continued to fall sharply during the quarter, the operations have been suspended since mid-June 2014 and put on care & maintenance.
- Steps taken to preserve cash resources & optimise costs including :
 - The company has relinquished some early stage exploration tenements as detailed in this report.
 - Release of staff.

Care & Maintenance

The company notes with regret the impact of the inordinate delayed approvals (as a consequent of negativity by minority activist groups) moving the project start-up into the bottom of the commodity price cycle , the project has had to be suspended within 6 months of start up & put under care & maintenance.

As the NBR project has been planned for a phased development , a normal approval time frame would have had the project well placed to execute the DSO phase of the project at the right point in the cycle which would underwrite the capital for the magnetite phase to produce dense media magnetite (DMM) used for the coal washery industry .

North-west of Tasmania is being held back by environmental NGOs. New mining ventures are facing extreme difficulty though this region covers much of the Mount Read Volcanic Belt, one of the richest mineral zones in the world. This zone is recognised by Tasmanian legislation through the *Mining (Strategic Prospectivity Zones) Act 1993*, an act to protect and foster the exploration and development of mineral wealth. The footprint of the NBR project is only about 0.03% of the region which has been unsuccessfully nominated for listing by this group.

Unable to win their arguments on merits & facts, these environmental NGO's have simply side-stepped science and use political agitation & negative propaganda through media to frustrate mining projects. These minority groups are also not respecting the will of the community as we are informed that almost 95% of the community are supportive of the project. The activists probably want publicity by running a scare campaign to further their own cause.

All allegations by them are purely mischievous and misleading. We have deliberately adopted a policy that we can't and will not engage in any kind of media war which will encourage such tactics.

Amidst all this, the Company is committed to high standards of business practices and optimisation of resources. With modern mining practices and right mind set for 21st century commodity market, we see our company achieve its goal for all the share holders and North-West Tasmanians.

The company acted proactively early in April to adjust mine plan as the Iron Ore price cycle was beginning to wind down which enabled a quick reaction time in June for timely suspension when the price plunged . The project has been developed with a philosophy of being lean & efficient & consequently nimble footed. Further steps have been taken to conserve the resources as well as reduce cash costs while having the necessary preparedness to respond to improving price cycle when it emanates. The company believes the long term demand for the commodity remains robust due to growing urbanisation of the global population particularly in China. A detailed care & maintenance plan has been developed in consultation with the environment regulators & processes implemented including ongoing biological monitoring, camera monitoring etc.

DIRECTORS' REPORT

Resource & Reserves

During the financial year, the Company published the updated DSO South Pit Reserves for its Nelson Bay River (NBR) Iron Project. The new reserves are based on the recent drilling programme completed after the 24th October 2012 Reserve Statement. The aim of the drilling was to upgrade the resource and revise the Mine Plan for the first two of years of DSO operations.

The new Mineral Resource estimates for the DSO South Pit reflect an increase to 0.87Mt compared to the earlier Mineral Resource estimate of 0.7Mt. The Reserves Estimates for DSO South Pit similarly increases to 0.65Mt compared to the earlier reserve of 0.33Mt.

The Ore Reserve Estimate was completed by the Minserv Group Pty Ltd in accordance with the 2012 JORC Code guidelines based on the Mineral Resource Estimate completed by Simon Tear of H&S Consultants Pty Ltd (HSC). Under the JORC Code, only Measured and Indicated Mineral Resources can be considered for conversion to Ore Reserves after consideration of "Modifying Factors" including mining, processing, economic, environmental, social, and government factors. The Ore Reserve Statement applies solely to the resource estimates in the Measured and Indicated categories.

Mineral Resource Estimates, summarised by JORC classification are as following:

DSO Resource Estimates 2013

Category	Tonnes	Fe %	Al ₂ O ₃ %	P ppm	S ppm	SiO ₂ %	LOI %
Measured	390,000	57.8	1.4	911	348	8.7	6.5
Indicated	260,000	57.7	1.5	926	359	8.8	6.5
Inferred	220,000	57.4	1.4	936	401	9.3	6.4
Total	870,000	57.7	1.4	922	365	8.9	6.5

(Nominal 54% Fe cut off; average density 3t/m³; minor rounding errors)

BFO Resource Estimates 2012

Category	Tonnes	Fe %	Al ₂ O ₃ %	P ppm	S ppm	SiO ₂ %	LOI %
Inferred	730,000	46.8	2.7	180	680	23.7	4.7
Total	730,000	46.8	2.2	180	680	23.7	4.7

(30% Fe cut off; average density 3t/m³; minor rounding errors)

Skarn Dyke Global Iron Resource Estimates

(Includes Magnetite Resource)

Category	M Tonnes	Iron %
Indicated	1.8	38.6
Inferred	9.5	35.9
Total	11.3	36.3

(30% Fe cut off; fresh rock material; minor rounding errors)

Skarn Dyke Recoverable Magnetite Resource Estimates

Category	M Tonnes	DTR Mag %	Magnetite Kt
Indicated	1.7	38.5	667
Inferred	6.1	38.2	2,324
Total	7.8	38.3	2,991

(20% DTR cut off; average density 3.71t/m³; fresh rock material; minor rounding errors)

DIRECTORS' REPORT

Magnetite Resource Estimate Concentrate Grades

Category	Fe %	Al ₂ O ₃ %	S %	SiO ₂ %
Indicated	66.4	0.16	0.21	4.6
Inferred	64.3	0.31	0.42	6.0
Total	65.5	0.22	0.30	5.2

DSO Ore Reserve Estimate for the Southern DSO pit, summarised by JORC classification are as following:

DSO Ore Reserve Estimate by JORC Classification

Category	M tonnes	Iron %	Alumina %	Phos %	Sulphur %	Silica %	LOI %
Proved	0.39	56.7	1.4	0.091	0.035	8.7	6.5
Probable	0.26	56.7	1.5	0.092	0.036	8.8	6.5
Total	0.65	56.7	1.4	0.091	0.035	8.7	6.5

(Minor rounding errors)

Mine Plan

The NBR project is being developed in a phased philosophy with the initial plan to mine the DSO resource to export Iron Ore over the first couple of years at low capital expenditure to be followed by the magnetite resource to produce Dense Media Magnetite (DMM) used for Coal Washery.

Studies to-date have reflected a stable market & pricing for DMM as an industrial mineral in Eastern Seaboard of Australia with domestic production not being adequate to meet demand resorting to imports , thereby conforming the long-term value potential of the NBR project.

Mine Plan for DSO Iron Ore

The company has always worked with both of the approving bodies the Tasmanian EPA and the Federal Government's Environment Department to ensure that it complies with the conditions of the separate approvals. We are in regular contact with both entities to ensure that we meet the most exacting standards set in the approvals.

The updated production schedule for the first two years of production is sourced initially solely from the DSO South Pit. The DSO ore mined only requires crushing and screening to produce a marketable product that requires no further beneficiation. Two separate DSO pits are planned for the first two years of mining the DSO South Pit followed by the DSO North Pit where the latter is contained within the BFO resource to its north. The updated mine plan and production schedule mines a total of 0.914 Mt of DSO.

Mine Plans & Management plans are updated periodically to update mine plan estimates & modelling progressively & appropriate approvals taken thereof. Further drilling and modelling in 2013, subsequent to the original DPMP (Development Proposal & Environment Management Plan) & EIS (Environment Impact Statement) submitted for public display in 2011 has provided a better understanding of the DSO resource, which is now known to be larger than originally thought. This will support a larger and deeper DSO pit, which in turn has increased the overall ore & waste volumes to be excavated. Further , the modelling in 2013 also took a precautionary measure to minimise risk of potential acid forming waste rock (PAF) segregation from other non acid forming waste rock (NAF) by including areas which are only partially mineralised with pyrite but represent all the potential PAF material.

DIRECTORS' REPORT

These two factors (increased mining quantities and precautionary modelling of increased proportion of PAF waste) combined result in following:

Estimates	Mine Life (years)	Total Ore Mining (tonnes)	Total Waste Rock Mining (M3)	Total PAF Waste Rock Mining (M3)
2011	10	3,836,079	11,673,545	1,675,679
2013	10.7	4,111,101	12,796,725	1,891,950
Change (%)	7%	7%	10%	13%

Share Placement

During the financial year, Share Placement was made to raise \$4.13 mn. Non Renounceable Rights issue completed after Balance Sheet date to raise \$ 1.623 mn.

Tenements

The mining tenements held at the end of the reporting period and their locations are as following :

Mine Lease/ Exploration License	Locality	Remarks
3M/2011	Nelson Bay River	100% Shree Minerals Ltd
EL41/2004	Nelson Bay River	100% Shree Minerals Ltd
EL42/2008	Mt.Sorell	100% Shree Minerals Ltd

- The mining tenements acquired and disposed of during the period and their location.

During the financial year, following tenements were surrendered at the completion of their term to preserve cash resources. Accordingly, the asset values were written off in the financials with an impairment charge of \$900,615.

Exploration License	Locality	Remarks
EL42/2004	Mt.Bertha	75% Shree Minerals Ltd as a Farm in JV with IACG Pty Ltd
EL43/2004	Sulphide Creek	100% Shree Minerals Ltd
EL54/2008	Rebecca Creek	100% Shree Minerals Ltd

- The beneficial percentage interests held in farm-in or farm-out agreements at the end of the period.

NIL

- The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the period.

NIL

DIRECTORS' REPORT

EXPLORATION

Exploration on EL42/2008 (Mt Sorell) by Shree Minerals Ltd. during the year 2013-14 further refined the positive vectors to VHMS base metal mineralisation identified during 2012. Re-interpretation of new field data, combined with revision of the 2012 work, suggests there is wrench fault stacking of an inferred VHMS horizon, centred around a mafic volcanic and hydrothermal fluid focus in the Clark Valley grid's centre. Potential for folded repeat of the inferred VHMS host horizon to the west was also identified.

Highly encouraging was the return of a 0.6g/t Au composite rock chip sample from north of an inferred mafic volcanic centre. This weakly oxidised and siliceous felsic volcaniclastic siltstone also contained appreciable Zn (1570ppm), Pb (259ppm), Ag (5.8ppm) and Ba (2170ppm), suggesting the metals are likely Volcanic Hosted Massive Sulphide (VHMS) related; possibly a proximal exhalite deposit.

Field work during early 2014 aimed to better define and extend known Zn, Pb and Cu soil anomalism. The base metal anomalous zone was extended northwards and whilst no strong anomalies were located, the zone remains open. Work undertaken comprised gridding, soil sampling, ground magnetics, geological mapping and rock chip sampling on the Clark Valley grid. Grid cutting was required to re-open ~8600m of the existing grid and access track to facilitate the field work, as well as planned future geophysical surveys to generate more focused drill targets. Soil sampling was completed on three consecutive lines to the north (6600 to 6800N) of the work undertaken in 2012 and also on one infill line (6200N).

The ground magnetic survey covered an aeromagnetic anomaly, identified by the WTRMP (Western Tasmanian Regional Minerals Program), which defines the rough inferred distribution of mafic volcanics in the Clark Valley. The survey aimed to provide a higher resolution insight into structure and mafic volcanic distribution to aid VHMS targeting. Magnetic susceptibility determinations were recorded for all rock chip samples. The ground magnetic survey identified a magnetic high zone coincident with the high Ti/Zr interpreted mafic volcanic intrusive centre, as well as demonstrating a number of narrow discrete highs that are continuous between grid lines and interpreted to result from thin basalt lava flows.

OTHER TENEMENTS

Shree Minerals' exploration activities for the year in review were confined to those referred to in this report. However, the Company can report that all other tenements remain in good standing and meet statutory requirements.

OUTLOOK

The NBR project is being developed in a phased philosophy with the initial plan to mine the DSO resource to export iron ore over the first couple of years at low capital expenditure to be followed by the magnetite resource to produce dense media magnetite (DMM) used for the coal washery industry. Studies to-date have reflected a stable market and pricing for DMM as an industrial mineral in Eastern Seaboard of Australia with domestic production not being adequate to meet demand resorting to imports, thereby confirming the long-term value potential of the NBR project. It is planned to do drilling & test work program to define the BFO stage (being the intermediate stage between DSO & DMM) besides extending the DSO phase.

Exploration activities are also planned at Mt. Sorell exploration license involving geological mapping, soil sampling, geophysical surveys to define potential drilling targets.

With the NBR DSO project operational, we believe that Shree Minerals is now at an inflection point and should actively pursue its objective to create shareholder wealth by growing the company by acquisition of additional prospective mineral tenements in Australia and overseas. The company is actively looking for suitable opportunities.

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review other than those disclosed in this report.

FINANCIAL POSITION

The net assets of the Company are \$ 10,705,422 (2013: \$8,183,104)

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

AFTER BALANCE DATE EVENTS

- A non-renounceable entitlement issue of 1 Share for every 6 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.08 per Share for 20,293,334 new shares to raise \$1,623,467 was announced & completed
- There has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

ENVIRONMENTAL REGULATIONS

The Company holds various exploration & mining licences to regulate its 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 activities. As far as the Directors are aware, there has been no known breach of the Company's licence conditions and all activities comply with relevant environmental regulations. The implementation of best practice social and environmental practices, well beyond simple compliance, has been an integral part of Company's philosophy. The company in discussions with the regulatory authorities is also looking at innovative work towards implementing / developing best environment management practices. The company has also voluntarily committed to research to enhance the understanding of orchid biology in north-western Tasmania, as a best practice environmental management contribution to orchid science. The research will assist with the ongoing management and protection of threatened orchid species in north-western Tasmania. Shree Minerals also recognises the opportunities that the presence of our project creates to support Devil Facial Tumour research. Hence, Devil numbers around the mine site are monitored as part of the mine's operational monitoring of the effectiveness of its devil (and quoll) impact mitigation measures, and these observations will be valuable data for the Save the Tasmanian Devil Program (STDP).

DIRECTORS' INTERESTS

	ORDINARY SHARES FULLY PAID	OPTIONS
Mr S Loyalka	26,474,078	0
Mr A Lau	0	0
Mr A Shah	4,884,230	0
Mr R Bothra	30,437,500	0
Total	61,795,808	0

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Mr Sanjay Loyalka, Chief Executive Officer and Chairman B Com (Hon), CA

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 Mount 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 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 held the certificates of MCSE, MCDBA, MCP, and CCNA. He worked for a number of large international companies in securities, venture capital, and high-tech industries.

Mr Amu Shah, Non Executive Director

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

Mr Amu Shah is the Honorary Consul for Kenya in Perth.

Mr Amu Shah has extensive international and local business experience.

Mr Rajesh Bothra, Non Executive Director

Mr. Rajesh Bothra is based in Singapore & is a share-holder and Managing Director of major electronic and consumer electronic company with revenue of US\$1 Billion. He has rich experience of management and leadership skills. He also has interests in real Estate, hospitality, natural resources and media Industry. Mr Rajesh Bothra brings with him a wealth of international experience & networks.

REMUNERATION REPORT (AUDITED)

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

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

Remuneration Policy

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

DIRECTORS' REPORT

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. Directors & 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 - directors , executives and senior manager receive a fixed sum payable monthly in cash;
- b. bonus - directors , executives and nominated senior managers are eligible to participate in a profit participation plan if deemed appropriate;
- c. Long-term incentives - directors, executives, 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 - directors, executives and senior managers are eligible to participate in superannuation schemes and other appropriate additional benefits.

Remuneration of other executives consists of the following:

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

Non-executive remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Remuneration Committee recommends the actual payments to directors and the Board is responsible for ratifying any

DIRECTORS' REPORT

recommendations, if appropriate. The maximum aggregate remuneration approved for non-executive 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 directors, executives, and senior management of the Company through the operation of a profit participation plan at the ultimate discretion of the Board. Currently, there is no such plan under practice for last 5 years.

Details of remuneration

Key Management Personnel (KMP) comprise the executive and non- executive directors only during FY2014. The remuneration for Key Management Personnel of the Company during the year and the previous year was as follows:

2014	Short-term Employee Benefits					Post-employment Benefits				% Performance Based
	Cash, salary, Directors Fees	Cash profit share, bonuses	Non-cash benefits	Allowances	Super-annuation	Other Long-term Benefits	Share Based Payments	Total		
Mr S Loyalka	292,906	0	0	0	27,094	0	0	320,000	0	
Mr A Jagatramka	2,860	0	0	0	264	0	0	3,124	0	
Mr M Pal	27,460	0	0	0	2,540	0	0	30,000	0	
Mr Andy Lau	30,000	0	0	0	0	0	0	30,000	0	
Mr Amu Shah	27,460	0	0	0	2,540	0	0	30,000	0	
Mr Rajesh Bothra	0	0	0	0	0	0	0	0	0	
	380,686	0	0	0	32,438	0	0	413,124	0	

DIRECTORS' REPORT

2013

	Short-term Employee Benefits				Post-employment Benefits	Other Long-term Benefits	Share Based Payments	Total	% Performance Based
	Cash, salary, Directors Fees	Cash profit share, bonuses	Non-cash benefits	Allowances	Super-annuation				
Mr S Loyalka	183,486	0	0	0	16,514	0	0	200,000	0
Mr A Jagatramka	16,055	0	0	0	1,445	0	0	17,500	0
Mr M Pal	40,138	0	0	0	3,612	0	0	43,750	0
Mr Andy Lau	17,500	0	0	0	0	0	0	17,500	0
Mr Amu Shah	16,055	0	0	0	1,445	0	0	17,500	0
	273,234	0	0	0	23,016	0	0	296,250	0

NB: For financial years ended June 2013 & 2014 the KMPs held the positions and dates of change in responsibilities as following:

Mr. S Loyalka: Executive Chairman with added responsibility of CEO, CFO & Company Secretary

Mr. A Jagatramka: Non Executive Director, Retired 28/11/2013

Mr. M Pal: Non Executive Director, Retired 27/6/2014

Mr. Andy Lau: Non Executive Director

Mr. Amu Shah: Non Executive Director

Mr. Rajesh Bothra: Non Executive Director, appointed 27/6/2014

Options, Performance shares & Shares issued as part of remuneration for the period ended 30 June 2014

There were no Options, Performance shares & Shares issued as part of remuneration for the period ended 30 June 2014. Please refer to Note 19 for further information.

Shares Issued on Exercise of Compensation Options

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

Number of Shares Held by Key Management Personnel

30 June 2014

Key Management Person	Balance 1 July 2013	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30 June 2014
Mr Sanjay Loyalka	25,915,000	0	0	0	0	25,915,000
Mr Mahendra Pal	300,000	0	0	0	0	300,000
Mr Arun Jagatramka	15,222,500	0	0	-15,000,000	0	222,500
Mr Andy Lau	0	0	0	0	0	-
Mr Amu Shah	4,525,000	0	0	0	0	4,525,000
Mr Rajesh Bothra	0	0	0	17,937,500	0	17,937,500
	45,962,500	0	0	2,937,500	0	48,900,000

DIRECTORS' REPORT

Note: On 9/9/2014, holdings (direct & indirect) of following directors increased as participation as underwriters in Rights Issue:

	Updated Balance on 09/09/2014
1. Mr.Sanjay Loyalka	26,474,078
2. Mr. Amu Shah	4,884,230
3. Mr. Rajesh Bothra	30,437,500

Number of Options Held by Key Management Personnel

30 June 2014

Key Management Person	Balance 30 June 2013	Granted as compensation	Options Exercised	Net Change Other	Balance 30 June 2014	Total Vested 30 June 2014	Total Exercisable 30 June 2014	Total Unexercisable 30 June 2014
Mr Sanjay Loyalka	0	0	0	0	0	0	0	0
Mr Mahendra Pal	0	0	0	0	0	0	0	0
Mr Arun Jagatramka	0	0	0	0	0	0	0	0
Mr Amu Shah	0	0	0	0	0	0	0	0
Mr Andy Lau	0	0	0	0	0	0	0	0
Mr Rajesh Bothra	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0

Number of Share Performance Rights (SPR) held by any Key Management Personnel

On 30 June 2014, Mr.Mahendra Pal held 1,000,000 share performance rights. The Performance Rights vest in three tranches to Mr Mahendra Pal on 31 October 2013, 31 October 2014 and 31 October 2015 respectively. The number of Performance Rights to be vested on each of those dates is one (1) Performance Right for every one (1) tonne of DSO Iron Ore sold over the three years ending on 30 June 2013, 30 June 2014 and 30 June 2015 respectively, subject to issue of maximum of 1,000,000 Performance Rights in aggregate. For the year ended 30 June 2013 there was nil tonnes of DSO Iron Ore sold. For the year ended 30 June 2014 there was 130,889 tonne of DSO Iron Ore sold. Consequently, 130,889 Performance Rights will vest on 31 October 2014. No other Key Management Personnel held any share performance rights on 30 June 2014.

Employment contracts of directors and senior executives

The employment arrangements for Sanjay Loyalka, as the sole executive Director and Chief Executive Officer and Chairman and Company Secretary, provide for remuneration comprising salary and superannuation totalling \$320,000. Mr. Loyalka's current employment arrangements cover five-year tenure that commenced in May 2013.

Mr.Mahendra Pal was an independent Non Executive Director of the company till 27/06/2014. During the financial year 2013-14, he was paid a cash remuneration of \$30,000. He additionally agreed to support the Geological functions of the company as a consultant. Accordingly, he was additionally paid \$ 31,500 by way of consulting fees.

DIRECTORS' REPORT

Mr. Amu Shah is a Non Executive Director of the company. During the financial year 2013-14, he was paid a cash remuneration of \$30,000.

Mr. Arun Jagatramka was a Non Executive Director of the company till 28/11/2013. During the financial year 2013-14, he was paid a cash remuneration of \$3,124.

Mr. Andy Lau is a Non Executive Director of the company. During the financial year 2013-14, he was paid a cash remuneration of \$30,000 by way of consulting fees.

Mr. Rajesh Bothra is a Non Executive Director of the company effective 27/06/2014. During the financial year 2013-14, he was paid a cash remuneration of NIL.

END OF REMUNERATION REPORT

Meetings of Directors

During the financial year, 7 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	7	7
Arun Jagatramka	1	3
Mahendra Pal	5	7
Andy Lau	5	7
Amu Shah	6	7
Rajesh Bothra	0	0

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

Indemnifying Officers or Auditor

The Company has paid insurance premiums in respect of directors' and officers' liability and legal expenses insurance contracts for current and former directors, executive officers and secretaires. The directors have not included details of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Options

At the date of this report, the unissued ordinary shares of Shree Minerals Limited under option are NIL.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring any proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company is not a party to any other proceedings during the year.

Non-audit Services

The Board of Directors 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

DIRECTORS' REPORT

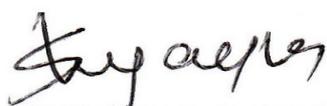
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Fees of \$10,750 (2013: 3,415) for Taxation services (compliance and consulting) being the non-audit services that were paid/payable to related practices of the external auditors during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 18 of annual report.

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



Sanjay Loyalka
Chairman

Signed in Perth the 26th day of September 2014.

The information in this report that relates to Ore Reserve Estimates is based on information evaluated by Mr Alwyn Hyde-Pager who is a Fellow of The Australasian Institute of Mining and Metallurgy (FAusIMM) and a Registered Professional Engineer of Queensland (RPEQ) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Hyde-Page is a Member of The Minserve Group Pty Ltd and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The data in this report that relates to Exploration Results and Mineral Resource Estimates is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Tear is a Director of H&S Consultants Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Shree Minerals Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance

Perth, 26 September 2014

Grant Thornton Audit Pty Ltd ACN 130 913 594
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SHREE MINERALS LTD

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30 JUNE 2014

	Note	30-Jun-14	30-Jun-13
		\$	\$
Revenue from continuing operations			
Iron ore sales		8,625,723	0
Interest		60,659	103,537
Expenses from continuing operations			
Cost of sales		-9,452,969	0
Finance charges		-80,879	-104,540
Foreign exchange gain / loss		212,014	-47,419
Impairment of exploration tenements		-900,615	0
Other expenses		-79,832	-127,268
Administration expenses		-210,513	-740,004
Loss before income tax		-1,826,413	-915,694
Income tax expense	4	435,272	292,932
Loss for the period		-1,391,141	-622,762
Other comprehensive income		0	0
Comprehensive loss for the year		-1,391,141	-622,762
Earnings per share for (loss) attributable to ordinary equity holders of the company:			
Basic & diluted (loss) cents per share	5	-1.29	-0.65

The accompanying notes form part of these financial statements.

SHREE MINERALS LTD

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	30-Jun-14	30-Jun-13
		\$	\$
Assets			
<i>Current Assets</i>			
Cash and cash equivalents	6	2,183,998	1,233,606
Receivables	7A	560,270	122,122
Inventory	7B	2,068,822	0
Total Current Assets		4,813,090	1,355,728
<i>Non-Current Assets</i>			
Exploration and evaluation	9	263,640	1,031,779
Mine Development	9A	10,036,165	6,172,939
Other Assets	6A	943,387	801,852
Plant and equipment	8	354,880	151,469
Total Non-Current Assets		11,598,072	8,158,039
Total Assets		16,411,163	9,513,767
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables	10	-4,136,102	-1,279,424
Loans	10	-20,480	-12,876
Provisions	10	-26,107	-18,694
Total Current Liabilities		-4,182,689	-1,310,994
<i>Non-Current Liabilities</i>			
<i>Rehabilitation Provision</i>		-1,499,300	0
Loans	10A	-23,752	-19,668
Total Non-Current Liabilities		-1,523,052	-19,668
Total Liabilities		-5,705,741	-1,330,663
Net Assets		10,705,422	8,183,104
Equity			
Contributed equity	11	13,591,891	9,678,432
Reserves	12	284,588	284,588
Retained profits (losses)	12	-3,171,057	-1,779,916
Total Equity		10,705,422	8,183,104

The accompanying notes form part of these financial statements.

SHREE MINERALS LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Issued	Retained	Share based	Total
		Capital	Losses	option reserve	
		\$	\$	\$	\$
BALANCE AT 1 JULY 2012		9,678,432	-1,157,154	284,587	8,805,866
Total comprehensive income for the period		0	-622,762	0	-622,762
SUB-TOTAL		9,678,432	-1,779,916	284,587	8,183,104
Dividends paid or provided for		0	0	0	0
BALANCE AT 30 JUNE 2013		9,678,432	-1,779,916	284,588	8,183,104
BALANCE AT 1 JULY 2013		9,678,432	-1,779,916	284,588	8,183,104
Total comprehensive income for the period		0	-1,391,141	0	-1,391,141
Shares issued during the year	11	4,130,000	0	0	4,130,000
Capital raising costs		-216,541	0	0	-216,541
BALANCE AT 30 JUNE 2014		13,591,891	-3,171,057	284,588	10,705,422

The accompanying notes form part of these financial statements.

SHREE MINERALS LTD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	30-Jun-14	30-Jun-13
		\$	\$
Cash flows from operating activities (including exploration)			
Sales receipts		8,642,532	
Payments to suppliers and employees (inclusive of GST)		-8,722,083	-2,265,709
Interest received		45,194	128,832
Research and Development tax concession		435,272	559,633
Other Income		0	0
Net cash inflow from operating activities (including exploration)	15(b)	400,915	-1,577,244
Cash flows from investing activities			
Payment for plant and equipment		-251,024	-152,475
Payment for mineral exploration		-156,270	0
Deferred Mine Waste		-1,077,831	0
Payment for mine development		-2,626,978	0
Net cash outflow from investing activities		-4,112,103	-152,475
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		4,130,000	0
Payments for share issue costs		-216,541	0
Borrowings		889,657	1,075,648
Net cash inflow from financing activities		4,803,116	1,075,648
Net (decrease) increase in cash and cash equivalents		1,091,927	-654,071
Cash and cash equivalents at the beginning of the financial period		2,035,457	2,689,528
Cash and cash equivalents at the end of the financial period		3,127,385	2,035,457
Cash and cash equivalents at the end of the financial period			
Cash at bank & in hand	6	2,183,998	1,233,606
Security deposits	6A	943,387	801,852
Cash and cash equivalents at the end of the financial period		3,127,385	2,035,457

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

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"). Shree Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

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 2014 and comparative information.

New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2013. Information on these new standards is presented below.

AASB 11 Joint Arrangements

AASB 11 supersedes AASB 131 *Interests in Joint Ventures* (AAS 131) and AASB Interpretation 113 *Jointly Controlled Entities- Non-Monetary-Contributions by Venturers*. AASB 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, AASB 131's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. AASB 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

AASB 12 Disclosure of interest in Other Entities

AASB 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

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.

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.

R&D tax credits are accounted for when received.

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost 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 by directors first when indicators of impairment exist and thereafter annually 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 company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss statement during the financial period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014**

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. 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 and evaluation costs**

Exploration and evaluation 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 the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable resources.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss 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 are transferred to Mine Properties and amortised over the life of the area according to the rate of depletion of the economically recoverable resources (refer to Mine Properties below).

A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

d. Mine Development

Mine development represent the accumulation of all exploration, evaluation and development expenditure incurred in respect of areas of interest in which mining has commenced or in the process of commencing. When further development expenditure is incurred in respect of mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation is provided on a unit of production basis (other than restoration and rehabilitation expenditure detailed below) which results in a write off of the cost proportional to the depletion of the proven and probable mineral reserves.

The company defers waste stripping costs for matching costs with the related economic benefits. Stripping costs incurred in the period are deferred to the extent that the current period ratio exceeds the life of mine or pit ratio. Such deferred costs are then charged in subsequent periods, the ratio falls short of the life of mine or pit ratio. The life of mine or pit ratio is obtained by dividing the volume of waste mined either by the volume of ore mined. The life of mine or pit waste-to-ore ratio is a function of an individual mine's pit design and therefore changes to that design will generally result in changes to the ratio. Changes to the life of mine or pit ratio are accounted for prospectively. Deferred stripping costs are included in Mine development costs.

The net carrying value of each area of interest is reviewed regularly and to the extent to which this value exceeds its recoverable amount, the excess is either fully provided against or written off in the financial year in which this is determined.

The Group provides for environmental restoration and rehabilitation at site which includes any costs to dismantle and remove certain items of plant and equipment. The cost of an item includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs when an item is acquired or as a consequence of having used the item during that period. This asset is depreciated on the basis of the current estimate of the useful life of the asset.

In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets an entity is also required to recognise as a provision the best estimate of the present value of expenditure required to settle the obligation. The present value of estimated future cash flows is measured using a current market discount rate.

e. 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 the company, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

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

f. 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 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

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

g. Impairment of Non Financial Assets

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

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

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

h. Interests in Joint Operations

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

i. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

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.

j. 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.

k. 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 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet

l. 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).

The following criteria are also applicable to other specific revenue transactions:

Iron Ore Sales

Contract terms for the Company's sale of Iron Ore allow for a price adjustment based on final assay results of the ore for Fe content & other trace elements at the discharge port to determine the final content. Recognition of sales revenue for these commodities is based on the most recently determined estimate of Fe content & other trace elements (based on load port assay results) and the spot price at the date of shipment, with a subsequent adjustment made upon final determination.

The terms of Iron Ore sales contracts contain provisional pricing arrangements whereby the selling price for Iron Ore is based on prevailing spot prices on a specified period around the date of shipment to the customer (the "quotation period"). Adjustments to the sales price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement can be about a month.

m. Inventories

Crushed Ore at site & port and run of mine ore stockpiles are physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price (in the ordinary course of business assuming sales are made at the end of the reporting period such that applicable price for the next month to coincide with time it reaches customer's discharge port), less estimated costs of completion and costs of selling final product.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

Cost is determined using the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods.

n. 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.

o. Comparative Figures

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

p. 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. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Key Judgements – Ore reserve and resource estimates

The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC Code)). These are taken into account in the calculation of depreciation, amortisation, impairment, deferred mining costs, rehabilitation and environmental expenditure. In estimating the remaining life of the mine for the purposes of amortisation and depreciation calculations, due regard is given, not only to remaining recoverable ore contained in reserves and resources, but also to limitations which could arise from the potential for changes in technology, demand, and other issues which are inherently difficult to estimate over a lengthy time frame.

Where a change in estimated recoverable ore over the remaining life of the mine is made, depreciation and amortisation is accounted for prospectively.

The determination of ore reserves and remaining mine life affects the carrying value of a number of the Group's assets and liabilities including deferred mining costs and the provision for rehabilitation.

Key Judgements – Units-of-production depreciation

Estimated recoverable ore over the remaining life of the mine are used in determining the depreciation and / or amortisation of mine specific assets. This results in a depreciation / amortisation charge proportional to the

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable ore over the remaining life of the mine of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable ore over the remaining life of the mine and estimates of future capital expenditure.

Key Judgements – Inventories

Costs incurred in or benefits of the productive process are accumulated as Crushed Ore at site & port and run of mine ore stockpiles. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based, less estimated costs to complete production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the Stockpile. Stockpile tonnages are verified by periodic surveys.

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). The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

Key Judgements – Mine Development expenditure

Mine Development expenditure are carried forward in respect of each identifiable area of interest where a mineable resource has been established & published as per JORC guidelines and has reached a stage that permits reasonable assessment that necessary steps to commence a mining development for that area have been commenced. Refer to the accounting policy stated in note 1(d). The net carrying value of each area of interest is reviewed using long term commodity price forecasts from within the range of forecasts by Industry analysts as per note 1(d).

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 or other appropriate methodology.

q. Operating segments

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

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

r. Accounting standards not yet effective

Refer to note 20 for accounting standards not yet effective.

NOTE 2: KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report. Total payments including valuation of share based payments were as following:

	2014	2013
	\$	\$
Short term employee benefits		
Salaries including bonuses	380,686	273,234
Total short term employee benefits	380,686	273,234
Long service leave		
Total other long-term benefits		
Defined contribution pension plans	32,438	23,016
Total post-employment benefits	32,438	23,016
Total remuneration	413,124	296,250

NOTE 3: EXPENSES

NOTE 3A: EXPENSES INCLUDED IN INCOME STATEMENT

	30-Jun-14	30-Jun-13
	\$	\$
Depreciation of plant and equipment	48,024	4,306
Amortisation of mine properties	1,196,477	0
Employee benefit expenses	645,333	548,588
Operating lease rental expenses	25,884	25,466

NOTE 3B: AUDITOR'S REMUNERATION

	30 June 2014	30 June 2013
	\$	\$
Remuneration paid or payable of the auditor for:		
– Auditing or reviewing the financial report	19,399	17,850
– Taxation services and corporate services	10,750	3,415
	<u>30,149</u>	<u>21,265</u>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

NOTE 4: INCOME TAX

Shree Minerals Ltd	2014	2013
a. Income tax expense		
Current tax	-	-
Deferred tax	-	-
Research & Development Offset	(435,272)	(292,932)
	<u>(435,272)</u>	<u>(292,932)</u>
Deferred income tax expense included in income tax expense comprises:		
(Increase) in deferred tax assets	(406,744)	(12,152)
Increase in deferred tax liabilities	406,744	12,152
	<u>-</u>	<u>-</u>
b. Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax expense/(benefit) on operating profit/(loss) at 30%	(547,924)	(274,708)
Add / (Less)		
Tax effect of:		
Non-deductible expenses	900	-
Deferred tax asset not brought to account	547,024	274,708
Research & Development Offset	(435,272)	(292,932)
Income tax attributable to operating loss	<u>(435,272)</u>	<u>(292,932)</u>
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	1,491,072	1,117,630
Provisions	30,472	23,434
Other	62,397	36,132
Set-off deferred tax liabilities	(1,583,941)	(1,177,197)
Net deferred tax assets	<u>-</u>	<u>-</u>
d. Deferred tax liabilities		
Exploration expenditure	79,092	1,177,197
Mine development costs	1,526,787	
Set-off deferred tax assets	(1,583,941)	(1,177,197)
Net deferred tax liabilities	<u>21,938</u>	<u>-</u>
e. Tax losses		
Tax effect of Tax Losses - offset to DTA (refer note C)	1,491,072	1,117,630
Tax effect of unused tax losses for which no deferred tax asset has been recognised	503,876	195,333
	<u>1,994,948</u>	<u>1,312,963</u>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

NOTE 5: EARNINGS PER SHARE

	30 June 2014	30 June 2013
	\$	\$
a. Earnings used to calculate basic EPS	(1,391,141)	(622,762)
	Number of Shares	Number of Shares
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic & diluted EPS	107,881,712	95,265,753
	<hr/>	<hr/>

Options totalling NIL (2013: NIL) and Share Performance Rights totalling 1,000,000 (2013: 1,000,000) are anti-dilutive and not included in the calculation of diluted earnings per share.

NOTE 6: CASH AND CASH EQUIVALENTS

	30 June 2014	30 June 2013
	\$	\$
Cash at bank and in hand	2,183,998	1,233,606
	<hr/>	<hr/>

NOTE 6A: OTHER ASSETS

	30 June 2014	30 June 2013
	\$	\$
Cash deposits supporting Guarantees for Rehabilitation Bonds	943,387	801,852
	<hr/>	<hr/>

NOTE 7A: TRADE AND OTHER RECEIVABLES

	30 June 2014	30 June 2013
	\$	\$
Interest receivable	12,080	13,424
Prepayments	245,431	18,920
Income Tax offsets		0
Trade receivables	623	623
GST and ABN withholding tax receivables	302,136	89,155
	<hr/>	<hr/>
	560,270	122,122
	<hr/>	<hr/>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

NOTE 7B: INVENTORIES

	30 June 2014	30 June 2013
	\$	\$
Iron ore (crushed & uncrushed) at cost	2,677,549	0
Impairment (diminution in value at net realisable value)	(608,726)	0
Iron ore (crushed & uncrushed) at net realisable value	<u>2,068,822</u>	<u>0</u>

NOTE 8: PROPERTY, PLANT & EQUIPMENT

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

	Earthwork	Plant & Equipment	Motor Vehicles	Total
Opening balance at 1 July 2013	91,190	30,182	30,097	151,469
Additions	0	310,549	32,076	342,625
Transfer to Mine Development	(91,190)	0	0	(91,190)
Depreciation	0	(40,224)	(7,800)	(48,024)
Balance at 30 June 2014	<u>0</u>	<u>300,507</u>	<u>54,373</u>	<u>354,880</u>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

NOTE 9: EXPLORATION EXPENDITURE

	30 June 2014	30 June 2013
	\$	\$
Exploration and evaluation phase expenditure capitalised	263,640	1,031,779
Movements		\$
Opening balance at 1 July 2012		5,931,785
Exploration capitalised		1,272,933
Impairment / relinquishment		0
Transferred to Mine Development		-6,172,939
Balance at 30 June 2013		1,031,779
Opening balance at 1 July 2013		1,031,779
Exploration capitalised		132,476
Impairment / relinquishment		900,615
Balance at 30 June 2014		263,640

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.

The following three exploration licences were relinquished during the Financial year ended June 2014, at the end of their term which resulted in impairment of the exploration & evaluation expenditure on these licences.

Impairment

EL42/2004	Mt Bertha	-\$202,934.73
EL43/2004	Sulphide Creek	-\$674,564.92
EL54/2008	Rebecca Creek	-\$23,115.46
Total		-\$900,615.11

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

NOTE 9A: MINE DEVELOPMENT

	30 June 2014	30 June 2013
	\$	\$
<i>Opening Balance</i>	6,172,939	0
Mine Development Costs	3,981,872	0
Deferred Mine Waste	1,077,831	0
Amortisation – Mine Development	(1,196,477)	0
Transferred from Exploration	0	6,172,939
	<u>10,036,165</u>	<u>6,172,939</u>

Note: For funding the development of Nelson Bay River Iron Project, the company entered into off take & Funding contract. These funds have been used to fund the mine development. Under the agreement, the company is required to sell 800,000 tonne at a discount to the counterparty under the contract, being effectively the funding cost. The funding cost attributable to the project development period has been capitalised as part of mine development amounting to US \$0.39 million.

NOTE 10: TRADE AND OTHER PAYABLES

	30-Jun-14	30-Jun-13
	\$	\$
<i>Current</i>		
Trade creditors	1,772,096	192,129
Other creditors	442,112	43,781
Advance	1,921,894	1,043,515
Loan	20,480	12,876
Provisions	26,107	18,694
	<u>4,182,689</u>	<u>1,310,995</u>

Note: Trade and other payables include an advance received from Singapore based, Frost Global Pte Ltd ("Frost Global"). The Company had in May 2013 entered into an Off-take Agreement for its Nelson Bay River Iron Ore DSO products for 800,000 tonnes with Frost Global. As a part of the agreement, Frost Global will be providing funding of US\$4 million by way of advance towards the supply of Iron Ore to be repaid by deduction from gross sale proceeds from each of the first 8 shipments (of appx 42,000 tonnes +/- 10%) of Iron Ore to Frost Global. The off-take contract is at normal market terms linked to prevailing index prices at time of each shipment. In addition to advance repayment as above, there is a discount allowed over the market based sales terms as a consideration of off-take finance. The company has received US \$3 million in this regard (in total including US\$1 million during the financial year ended 30th June 2013) from Frost Global to-date & has made 3 shipments to Frost Global to-date wherein US \$ 1.125 million has been adjusted to-date, with a remaining advance balance of US\$ 1.875 million (Aud \$ 1.92 mn) which is included under current liabilities.

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

NOTE 10A: TRADE AND OTHER PAYABLES

	30 June 2014	30 June 2013
	\$	\$
<i>Non-Current</i>		
Loan	23,752	19,668
	<u>23,752</u>	<u>19,668</u>

NOTE 11: CONTRIBUTED EQUITY

	30 June 2014	30 June 2013
	\$	\$
121,760,000 (2013: 95,947,500) Fully paid ordinary shares	<u>9,678,432</u>	<u>9,678,432</u>

The Company has issued capital amounting 121,760,000 (2013: 95,947,500) with no par value on 30/06/2014.

Movements

Opening balance	9,678,432	9,678,432
Shares issued	4,130,000	0
Options exercised and to be allotted	0	0
Capital raising costs	-216,541	0
Closing balance	<u>13,591,891</u>	<u>9,678,432</u>

(a) **Ordinary Shares**

	Number of Shares	Number of Shares
At the beginning of the reporting period	95,947,500	95,947,500
Shares issued during the period		
– 9 December 2013	13,350,000	0
– 20February 2014	12,462,500	0
At reporting date	<u>121,760,000</u>	<u>95,947,500</u>

Note: on 9/9/2014, 20,293,334 shares were issued for total issued shares of 142,053,334 shares

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

(b) **Options**

At the date of this report, the unissued ordinary shares of Shree Minerals Limited under option are nil.

Opening balance :	0
Expired during the year :	<u>0</u>
Balance	0

(c) **Share Performance Rights**

At the date of this report, the unissued ordinary shares of Shree Minerals Limited under Share Performance Rights ("SPR") are as follows:

1 SPR for every 1 tonne of DSO Iron Ore sold over the three years ending on 30th June 2013, 30th June 2014 and 30th June 2015 respectively subject to issue of maximum of 1,000,000 SPR in aggregate.

For the year ending 30 June 2013 there was nil tonnes of DSO Iron Ore sold. For the year ending 30 June 2014 there was 130,889 tonne of DSO Iron Ore sold. Consequently, 130,889 Performance Rights will vest on 31 October 2014.

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

(d) **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 2014 and 30 June 2013 are as follows:

	30 June 2014	30 June 2013
	\$	\$
Cash and cash equivalents	3,127,385	2,035,457
Trade and other receivables	560,270	122,122
Inventories	2,068,822	0
Trade and other payables	(4,182,689)	(1,330,663)
Working capital position	1,573,788	826,916

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

NOTE 12: ACCUMULATED LOSSES AND RESERVES

	30 June 2014	30 June 2013
	\$	\$
a. Accumulated Losses		
At the beginning of the reporting period	1,779,916	1,157,154
Net loss	1,391,141	622,762
At reporting date	3,171,057	1,779,916

b. Option Reserve

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

During the year nil (2013: nil) options and nil (2013: nil) Share Performance Rights were issued.

NOTE 13: COMMITMENTS

	30 June 2014	30 June 2013
	\$	\$
a. The Company has tenements rental and expenditure commitments of:		
Payable:		
– not later than 12 months	10,000	79,870
– between 12 months and 5 years	0	0
– greater than 5 years	0	0
b. The Company has other rental and expenditure commitments of \$28,800 within the next 12 months, \$ 48,000 between 12 months and 5 years and NIL beyond 5 years. This pertains to office lease. The rental expenditure incurred during the year was \$ 22,814.41 (2013: \$ 20,774.34)		

NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

The Directors are not aware of any other contingent liabilities or contingent assets.

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

NOTE 15: CASH FLOW INFORMATION

	30 June 2014	30 June 2013
	\$	\$
(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 at Bank & in Hand	2,183,998	1,233,606
Other Assets (Cash Deposits supporting Guarantees for Rehabilitation Bonds)	943,387	801,852
Sub Total	3,127,385	2,035,457
(b) Reconciliation of Cash Flow from Operations with Operating Loss after Income Tax		
Operating loss after income tax	(1,391,141)	(622,762)
Non-cash flows:		
Tenement impairment/relinquishment	900,615	0
Depreciation and amortisation	1,244,502	4,307
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(296,966)	219,674
(Increase)/decrease in other assets	(2,068,822)	(1,272,934)
Increase/(decrease) in trade and other payables	2,012,728	94,471
<i>Net Inflow/(outflow) from operations</i>	400,915	(1,577,244)

NOTE 16: RELATED PARTY TRANSACTIONS

There are no related party transactions except for remuneration payments to employees in normal course of business.

Disclosures relating to key management personnel compensation are set out in Note 2 to the financial statements, and in the Remuneration Report contained within the Directors Report. Mr. Mahendra Pal's fees as disclosed are paid through his consulting firm Sai Geo Consultancy.

NOTE 17: FINANCIAL INSTRUMENTS

a. Financial Risk Management

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

i. Treasury Risk Management

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

ii. Financial Risks

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

Interest rate risk

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

Sensitivity analysis

At 30 June 2014, 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 \$ 7,262 lower/higher (2013 - \$17,791 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

Liquidity risk

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

Credit risk

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

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

b. Fair value estimation

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

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

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

c. Interest Rate Risk

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

NOTE 18: OPERATING SEGMENTS

The company operates predominately in one segment involved in mineral exploration & development. 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

No share based payments were made in either the current financial year or the prior financial year. On 30 June 2014, there were 1,000,000 share performance rights on issue as per details in the Remuneration report.

NOTE 20: ACCOUNTING STANDARDS NOT YET EFFECTIVE

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after ...)	Likely impact on initial application
AASB 9 <i>Financial Instruments</i> (December 2010) [Also refer to AASB 2013-9 and AASB 2014-1 below]	AASB 139 <i>Financial Instruments: Recognition and Measurement</i> (in part)	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return	1 January 2018	<i>The entity has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018 and the IASB is yet to finalise the remaining phases of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 in Australia).</i>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after ...)	Likely impact on initial application
		<p>on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> • The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and • The remaining change is presented in profit or loss. <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:</p> <ul style="list-style-type: none"> • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. <p>AASB 9 requirements regarding</p>		

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after ...)	Likely impact on initial application
		<p>hedge accounting represent a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in the financial statements.</p> <p>Consequential amendments arising from AASB 9 are contained in AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>, AASB 2010-10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters</i>, AASB 2012-6 <i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i>, AASB 2013-9 <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i> and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>.</p>		
AASB 2012-3 <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i>	None	AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	<i>When AASB 2012-3 is first adopted for the year ending 30 June 2015, there will be no impact on the entity as this standard merely clarifies existing requirements in AASB 132.</i>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after ...)	Likely impact on initial application
AASB 2013-3 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	None	<p>These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.</p> <p>When developing IFRS 13 <i>Fair Value Measurement</i>, the IASB decided to amend IAS 36 <i>Impairment of Assets</i> to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.</p> <p>AASB 2013-3 makes the equivalent amendments to AASB 136 <i>Impairment of Assets</i>.</p>	1 January 2014	<i>When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity given that they are largely of the nature of clarification of existing requirements.</i>
AASB 1031 <i>Materiality</i> (December 2013)	AASB 1031 <i>Materiality</i> (July 2004, as amended)	The revised AASB 1031 is an interim standard that cross-references to other Standards and the <i>Framework for the Preparation and Presentation of Financial Statements</i> (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn.	1 January 2014	<i>When the revised AASB 1031 is first adopted for the year ending 30 June 2015, it is unlikely to have any significant impact on the entity.</i>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after ...)	Likely impact on initial application
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part B: Materiality)	None	Part B of AASB 2013-9 deletes references to AASB 1031 in various Australian Accounting Standards (including Interpretations).	1 January 2014	<i>When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.</i>
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)	AASB 139 Financial Instruments: Recognition and Measurement (in part)	<p>These amendments:</p> <ul style="list-style-type: none"> add a new chapter on hedge accounting to AASB 9 <i>Financial Instruments</i>, substantially overhauling previous accounting requirements in this area; allow the changes to address the so-called ‘own credit’ issue that were already included in AASB 9 to be applied in isolation without the need to change any other accounting for financial instruments; and defer the mandatory effective date of AASB 9 from ‘1 January 2015’ to ‘1 January 2017’. <p>Note that, subsequent to issuing these amendments, the AASB has issued AASB 2014-1 which defers the effective date of AASB 9 to ‘1 January 2018’.</p>	1 January 2015	<i>The entity has not yet assessed the full impact of these amendments.</i>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after ...)	Likely impact on initial application
AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)	None	<p>Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards <i>Annual Improvements to IFRSs 2010-2012 Cycle</i> and <i>Annual Improvements to IFRSs 2011-2013 Cycle</i>.</p> <p>Among other improvements, the amendments arising from <i>Annual Improvements to IFRSs 2010-2012 Cycle</i>:</p> <p>(a) clarify that the definition of a ‘related party’ includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and</p> <p>(b) amend AASB 8 <i>Operating Segments</i> to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.</p> <p>Among other improvements, the amendments arising from <i>Annual Improvements to IFRSs 2011-2013 Cycle</i> clarify that an entity should assess whether an acquired property is an investment property under AASB 140 <i>Investment Property</i> and perform a separate assessment under AASB 3 <i>Business Combinations</i> to determine whether the acquisition of the investment property constitutes a business combination.</p>	1 July 2014	<i>When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.</i>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after ...)	Likely impact on initial application
AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality)	None	Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 <i>Materiality</i> , which historically has been referenced in each Australian Accounting Standard.	1 July 2014	<i>When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.</i>
AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)	None	Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.	1 January 2016	<i>When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the entity.</i>
AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)	None	Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 <i>Financial Instruments</i> to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 <i>Hedge Accounting</i> into AASB 9 and to amend reduced disclosure requirements for AASB 7 <i>Financial Instruments: Disclosures</i> and AASB 101 <i>Presentation of Financial Statements</i> .	1 January 2015	<i>The entity has not yet assessed the full impact of these amendments.</i>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after ...)	Likely impact on initial application
AASB Interpretation 21 Levies	None	<p>Interpretation 21 addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements (in particular, when the entity should recognise a liability to pay a levy).</p> <p>Interpretation 21 is an interpretation of AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>. AASB 137 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period and the calculation of that levy is based on the revenue that was generated in a previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.</p>	1 January 2014	<i>When this interpretation is first adopted for the year ending 30 June 2015, there will be no material impact on the financial statements as the entity is not subject any levies addressed by this interpretation.</i>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after ...)	Likely impact on initial application
Standards issued by the IASB, but not yet by the AASB				
IFRS 15 <i>Revenue from Contracts with Customers</i>	IAS 18 <i>Revenue</i> IAS <i>Construction Contracts</i> IFRIC <i>Customer Loyalty Programmes</i> IFRIC <i>Agreements for the Construction of Real Estate</i> IFRIC 18 <i>Transfer of Assets from Customers</i>	IFRS 15: 11• replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue-related Interpretations 13• establishes a new control-based revenue recognition model 15• changes the basis for deciding whether revenue is to be recognised over time or at a point in time • provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing) • expands and improves disclosures about revenue In the Australian context, the Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian Standard (AASB 15 <i>Revenue from Contracts with Customers</i>), along with a new Exposure Draft (ED) on income from transactions of Not-for-Profit (NFP) entities by September 2014.	1 January 2017	<i>The entity has not yet assessed the full impact of this Standard.</i>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after ...)	Likely impact on initial application
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]	None	<p>The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.</p> <p>The amendments to IAS 38 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two limited circumstances:</p> <ul style="list-style-type: none"> the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. <p>The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.</p>	1 January 2016	<i>When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.</i>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after ...)	Likely impact on initial application
Amendments to Australian Accounting Standards – Accounting for Acquisition of Interests in Joint Operations [AASB 1 & AASB 11]	None	<p>The amendments to IFRS 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a ‘business’, as defined in IFRS 3 <i>Business Combinations</i>, should:</p> <ul style="list-style-type: none"> • apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except principles that conflict with the guidance of IFRS 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e. the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and • provide disclosures for business combinations as required by IFRS 3 and other IFRSs. <p>The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.</p>	1 January 2016	<i>When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.</i>

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 2014

21: AFTER BALANCE SHEET DATE EVENTS

- A non-renounceable entitlement issue of 1 Share for every 6 Shares held by those Shareholders registered at the Record Date at an issue price of \$0.08 per Share for 20,293,334 new shares to raise \$1,623,467 was announced & completed

NOTE 22: COMPANY DETAILS

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

Unit 2, The Pines Business Centre

888 Forrest Street

Cottesloe

WA 6011

Ph: (08) 92861509 Fax: (08) 93855194

SHREE MINERALS LTD

DIRECTORS' DECLARATION

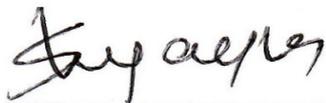
1. in the opinion of the directors of Shree Minerals Limited ('the Company'):

- (a) the financial statements and notes as set out on pages 18 to 54, 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 2014 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 2014, 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. 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 2014.

Dated at Unit 2, The Pines Business Centre, and 88 Forrest Street, Cottesloe, WA 6011 this 26th day of September 2014.

Signed in accordance with a resolution of the directors:



Sanjay Loyalka

Director

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.granthornton.com.au

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

Report on the financial report

We have audited the accompanying financial report of Shree Minerals Limited (the “Company”), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors’ declaration of the company.

Directors’ responsibility for the financial report

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

Auditor’s responsibility

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

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

In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

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of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Shree Minerals Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 11 to 16 of the directors' report for the year ended 30 June 2014. 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 on the remuneration report

In our opinion, the remuneration report of Shree Minerals Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance

Perth, 26 September 2014

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 16th September 2014.

SUBSTANTIAL SHAREHOLDERS

The company has received substantial shareholder notices from;

- Mr Sanjay Loyalka (26,474,078 ordinary shares)
- Oceania Coal Resources NL (15,000,000 ordinary shares)
- China Alliance International Holdings Group (23,223,632 ordinary shares)
- RB Investments Pte Ltd (30,437,500 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.

DISTRIBUTION SCHEDULE – SHAREHOLDINGS AS AT 16th SEPTEMBER 2014

Holdings Ranges	Holders	Total Units	%
1-1,000	4	431	0.000
1,001-5,000	17	64,747	0.046
5,001-10,000	188	1,845,179	1.299
10,001-100,000	182	6,727,347	4.736
100,001-99,999,999,999	59	133,415,630	93.919
Totals	450	142,053,334	100.000

UNMARKETABLE PARCELS

There are 32 unmarketable parcels as at 16th September 2014 totalling 141,662 ordinary shares.

20 LARGEST SHAREHOLDERS AS AT 16th SEPTEMBER 2014

Holder Name	Balance at 16-09-2014	%
RB INVESTMENTS PTE LTD	30,437,500	21.43
MR SANJAY KUMAR LOYALKA <LOYALKA FAMILY A/C>	24,500,000	17.25
CHINA ALLIANCE INTERNATIONAL HOLDINGS GROUP LIMITED	23,223,632	16.35
OCEANIA COAL RESOURCES NL (GUJARAT NRE RESOURCES NL)	15,000,000	10.56
MEGA WILD ENTERPRISES PTY LTD <VEER POONAM POOJAN PROP A/C>	4,525,000	3.19
ULLAPOOL INVESTMENTS PTY LTD <THE ULLAPOOL A/C>	4,400,000	3.10
ROSECLIFF HOLDINGS PTY LTD <SAHIB INVESTMENT A/C>	4,375,000	3.08
EXPORT MARKETING (BVI) LTD	2,500,000	1.76
MR SAHIB INDERJIT SINGH	1,915,150	1.35
CLAREMONT HOLDINGS LIMITED	1,687,500	1.19
MR MICHAEL LEE ANGHIE & MRS SANDY MICHELLE ANGHIE <SPEED BOAT SUPER FUND A/C>	1,600,000	1.13
MR AMRIK SINGH HEER	1,500,000	1.06
MRS RENU KUMAR & DR ASOK KUMAR <ASOK KUMAR FAMILY S/F A/C>	1,458,334	1.03
IACG PTY LTD	1,309,078	0.92
SANJAY NAGNATH MUKHEDKAR & ASHWINI DAVRAY	1,284,064	0.90
PRIMO FINANCIAL GROUP INC	1,250,000	0.88
DR DEEPAK NARAN <THE NARAN FAMILY NO 1 A/C>	1,000,000	0.70
CHETAN KARIA <CK & RC KARIA FAMILY A/C>	767,032	0.54
TANDON SUPERANNUATION SERVICES PTY LTD <THE TANDON PENSION FUND A/C>	583,334	0.41
MR SANJAY KUMAR LOYALKA	565,000	0.40
	123,880,624	87.21

CORPORATE GOVERNANCE STATEMENT

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

The Directors on behalf of the shareholders monitor the business affairs of the Company. For this, they formally have 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 2014.

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.

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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.
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 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 Chief Executive and the Chairman.
2.4	The board should establish a nomination committee.	Not satisfied. The Board consider that given the current size of the board (5), this function is efficiently achieved with full board participation. Accordingly, the Board has not established a nomination committee.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Satisfied. Board Performance Evaluation Policy is available at www.shreeminerals.com in the Corporate Governance Statement.
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2	Satisfied. Whilst the performance of the Board is appraised on an ongoing basis, during the year no formal appraisal was

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RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
		conducted.
3.1	<p>Companies should disclose a code of conduct and disclose the code or a summary of the code as to:</p> <p>The practices necessary to maintain confidence in the company's integrity</p> <p>The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</p> <p>The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</p>	Satisfied. The Code of conduct is available at www.shreeminerals.com in the Corporate Governance Statement.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Not satisfied. The company considers that given the current small size of the company's operations where there are very few employees, this objective is not practical to be achieved till such time that the company's operations are increased. Accordingly, the company has not established a policy concerning diversity.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Not satisfied. The company considers that given the current small size of the company's operations where there are very few employees, this objective is not practical to be achieved till such time that the company's operations are increased. Accordingly, the company has not established a policy concerning diversity.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Not satisfied. The company does not have any women employees in the whole organisation, women in senior executive positions and women on the board.
3.5	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, this function is efficiently achieved with full board participation. Accordingly, the Board has not established an audit committee.
4.2	<p>The board committee should be structured so that it:</p> <p>Consists only of non-executive directors</p> <p>Consists of a majority of independent directors</p> <p>Is chaired by an independent chair, who is not chair of</p>	Not satisfied. The company has adopted a policy which includes Executive Directors as audit committee members.

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RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
	<p>the board</p> <p>Has at least three members</p>	
4.3	The audit committee should have a formal charter.	Satisfied. Audit Committee charter is available at www.shreeminerals.com in the Corporate Governance statement.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	Satisfied.
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those 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 2012 financial period.

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RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	Satisfied
8.1	The board should establish a remuneration committee.	Not Satisfied. The Board consider that given the current size of the board, this function is efficiently achieved with full board participation. Accordingly, the Board has not established a remuneration committee.
8.2	The remuneration committee should be structured so that it : Consists of a majority of independent directors Is chaired by an independent chair Has at least three members	Not Satisfied. The Board consider that given the current size of the board, this function is efficiently achieved with full board participation. Accordingly, the Board has not established a remuneration committee.
8.3	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.
8.4	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