SHREE MINERALS LIMITED

ACN 130 618 683

2012 ANNUAL REPORT

TABLE OF CONTENTS

CORPORATE DIRECTORY

DIRECTORS
Sanjay Loyalka
Mahendra Pal
Arun Kumar Jagatramka
Andy Lau
Amu Shah

COMPANY SECRETARY

Sanjay Loyalka

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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 2012 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 Mahendra Pal
Mr Arun Jagatramka
Mr Andy Lau
Mr Amu Shah

COMPANY SECRETARY

Mr Stephen Ledger (Resigned 20 July 2011)

Mr Sanjay Loyalka (Appointed 20 July 2011)

PRINCIPAL ACTIVITIES

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

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

OPERATING RESULTS

The net loss of the Company after providing for income tax amounted to $250,901 (2011: $335,033).

DIVIDENDS PAID OR RECOMMENDED

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

REVIEW OF OPERATIONS AND ACTIVITIES

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

HIGHLIGHTS

- The DSO resource for Nelson Bay River Iron Project (NBR) increased by 55% from 2010 figure with similar iron values
- Various studies confirms the viability of the project to be an iron ore producer in the North West Tasmania
- The metallurgical processing of BFO by LIMS at 600 gauss provided an approximate mass recovery of 82%. Additionally, the reduction in alumina in the LIMS BFO concentrate further makes it an attractive product
- Approval for inclusion of Category 3 products (construction minerals) as an additional category from NBR has been received
- Approval for mine development from the Circular Head Council has been received
- EPA approval for mining at the Nelson Bay River Iron Project has been received
- Mining Lease for mining at the Nelson Bay River Iron Project has been received

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

- Exploration of tenement lands;
- Seeking approvals for the development of Company's Nelson Bay River Iron Project in North West Tasmania; and
- Statutory reporting.

NELSON BAY RIVER IRON PROJECT (NBR)

Exploration

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

Resource Estimation

During 2011-12, the company drilled 1,259 m RC along 23 holes for DSO resource delineation. As a consequence of this RC drilling, the DSO resource estimates were revised. The revised DSO resource estimates at 0.7 Mt show an increase of 55% in the resources over the 2010 figures of 0.45 Mt with similar iron and other element values. The revised resource estimates made for the goethitic-hematite (DSO and BFO) mineralisation for the Project are given in Table 1.

Table 1: Nelson Bay River Project Revised DSO+BFO Resource Estimates

Material Type	Resource Category	Mass (Mt)	Grade %					
			Fe	Al_2O_3	P	S	SiO_2	LOI
DSO	Indicated	0.34	57.4	1.3	0.075	0.035	9.2	6.4
DSO+BFO	Inferred	1.10	50.8	2.2	0.044	0.055	18.1	5.5
Total Resource		**1.43**	**52.3**	**2.0**	**0.051**	**0.050**	**16.0**	**5.6**

(Average density 3t/m^3; the use of significant figures does not imply precision; minor rounding errors)

No drilling during 2011 was carried out for the BFO resource area thus the values for the BFO resource have been retained from the 2010 Resource Estimate. However, reinterpretation of the geology based on the information gleaned from the 2011 drilling highlighted a zone of resource in this area ranging from 90,000 to 200,000 tonnes at

54.5 to 55.5% Fe. Shree believes that this material, using Platts 52% Fe index as a reference point, could be sold as low-grade DSO and thus has the potential to increase the size of the DSO resources

Metallurgical Studies

During the year further metallurgical studies of the two BFO Composites continued. The two composites are different in their mineral composition, but have similar iron grade 53% (Fe). Composite-1 contains higher percentage of hematite with high silica and low (<1%) levels of alumina, phosphorous and sulphur, where as Composite-2 has higher magnetite content with high silica and greater than 2% alumina with very low P and S (Table 2).

Table 2: Composite Sample Head Assays

Composite	Grade (%)					
	Fe	SiO_2	Al_2O_3	P	S	LOI
Composite-1	53.0	16.8	0.69	0.027	0.04	6.1
Composite-2	53.1	13.9	2.58	0.013	0.05	4.0

LIMS Testing

Composite-2 was tested over coarse LIMS at a variety of magnetic strengths (Table 2). The 600 Gauss pass produced an upgraded product with Fe 57.5%, $SiO_2$11.5%, and Al_2O_3 1.55% at 82.3% mass recovery (Table 3).

Table 3: Composite-2 LIMS Test results on -1mm Material

Composite 2, crushed to -1 mm							
	%						
Gauss	**Mass Recovery**	**Fe**		**SiO_2**		**Al_2O_3**	
		Grade	**Recovery**	**Grade**	**Recovery**	**Grade**	**Recovery**
1100	88.0	56.5	91.8	12.1	78.8	1.74	63.1
900	84.0	57.6	88.5	11.3	71.7	1.53	54.8
600	82.3	57.5	87.3	11.5	69.7	1.55	52.0
Head-grade	**100**	**54.4**	**100**	**13.4**	**100**	**2.41**	**100**

Remarks

The upgrade process for BFO should be based on Low Intensity (600 Gauss) Magnetic Separation. The mass recovery at approximately 82% is attractive. Moreover, this also suggests a substantial reduction in capex cost compared to Gravity separation route and hence more economical over the latter. Additionally, the reduction in alumina of the LIMS BFO concentrate makes it an attractive product for blending.

Statutory approvals progress

Mining Lease

A mining lease application (MLA 3 M, 2011) which was submitted to Mineral Resources Tasmania earlier for Category 1 products (metallic substances) was amended to add Category 3 products (construction minerals) as an additional category. The amendment was made to provide for the possible beneficial use of suitable parts of waste rock which Shree has identified as potential future opportunities for purposes, such as road base. Test work has confirmed the characteristics of waste rock to required specifications for such use.

Comment: On 13th September the Tasmanian Government has Granted a Mining Lease for mining at the Nelson Bay River Iron Project.

Environment Protection and Biodiversity Conservation Act 1999 (EPBCA)

The Company referred its proposal for developing a mine to the Commonwealth Department of Sustainability, Environment, Water, Population and Communities (the Department) in February 2011. The Minister, the Hon Tony Burke MP, determined in March 2011 that the proposal was a controlled action and required the preparation of an Environmental Impact Statement (EIS) under Part 8 of the EPBC Act. Guidelines for preparation of EIS were issued in July 2011 following public consultation by the department. Draft EIS was submitted to the department & finalized for public exhibition period commencing in December 2011.

The public exhibition & comment period for the draft EIS was completed in February with only one submission received. A response along with final EIS has been submitted for final assessment & these documents are available for public viewing.
Comment: Decision on approval is awaited.

Environmental Management and Pollution Control Act 1994
A Notice of Intent (NOI) was submitted on 23 March 2011 to the Board of the Environment Protection Authority's (EPA). In May 2011, EPA issued Guidelines for the preparation of a Development Proposal and Environmental Management Plan for Shree Minerals – Nelson Bay River Magnetite Mine, Tasmania in May 2011. Draft DPEMP was submitted to the EPA & finalized for public exhibition period commencing in December 2011.

The public exhibition & comment period for the draft DPEMP was completed in January with two submissions received (including one being a common to draft EIS). Further discussions with EPA including iteration on further requirements based on assessment by various Government agencies were satisfactorily completed to finalise the DPEMP.

Comment: On 26th July 2012 the Board of the Tasmanian Environment Protection Authority (EPA) after a very long and rigorous assessment process gave approval for mining at the Nelson Bay River Iron Project with conditions that the mine will proceed in accordance with best practice environmental management, including measures to prevent acid drainage, to protect and enhance wildlife habitat and to minimise the risk of road kill by confining product transport to daylight hours.

Mine Development Application

During the year application for mine development at the Nelson Bar River Project was lodged with the Circular Head Council.

Comment: Approval for mine development was received on 24th August 2012; this completes the Tasmanian planning and environmental approval requirements.

Project development

- Various studies confirm the viability of the project to become a producer of iron ore in North West Tasmania.
- The Project is located in close proximity to existing infrastructure within an established mineral province with active mining in the region of North West Tasmania.
- The Project has three types of resources: Direct Shipping Iron (DSO), Beneficiable low-grade resource (BFO) and Magnetite resource

- The Company plans to mine the DSO first followed by beneficiable low-grade magnetic goethitic-hematite (BFO) material, and then the magnetite resource.
- Further drilling & ongoing studies have the potential to improve the project economics.

MT SORELL (EL42/2008) AND SULPHIDE CREEK (EL 43/2008)

Geophysical study

A geophysical study using aeromagnetic and radiometric data from public domain over the Sulphide Creek and Mt Sorell tenements and environs was carried out. The study defined 12 preliminary targets (Table 4 and Figure 1).

Table 4: Sulphide Creek & Mt Sorell Geophysical Targets

	Location (m)		Target		Target Characteristics		
Target	**EASTING**	**NORTHING**	**PRIORITY**	**TYPE**	**MAGNETIC**	**FAULT**	**POTASSIUM**
Mt Sorell Targets							
MTS-001	380385.0	5317104.0	Moderate	Au	High	Yes	High
MTS-002	380605.0	5316217.0	Moderate	Au	High	Yes	High
MTS-003	381327.0	5316852.0	High	Cu-Au	Moderate	No	Low
MTS-004	381098.0	5316490.0	Low	Cu-Zn	Moderate	No	High
MTS-005	381546.0	5316052.0	Moderate	Pb-Zn	Low	Yes	High
MTS-006	381088.0	5318257.0	Moderate	Cu-Au	Moderate	Yes	Low
Sulphide Creek Targets							
SC-001	376800.0	5332600.0	Moderate	Cu-Au	subtle	Yes	High
SC-002	377100.0	5331400.0	Moderate	Cu-Au	subtle	Yes	High
SC-003	377100.0	5330800.0	Moderate	Cu-Au	subtle	Yes	High
SC-004	376200.0	5334400.0	Low	Pb-Zn	subtle	Yes	High
SC-005	375800.0	5333300.0	Low	Pb-Zn	subtle	Yes	High
SC-006	375700.0	5331800.0	Low	Pb-Zn	subtle	Yes	High

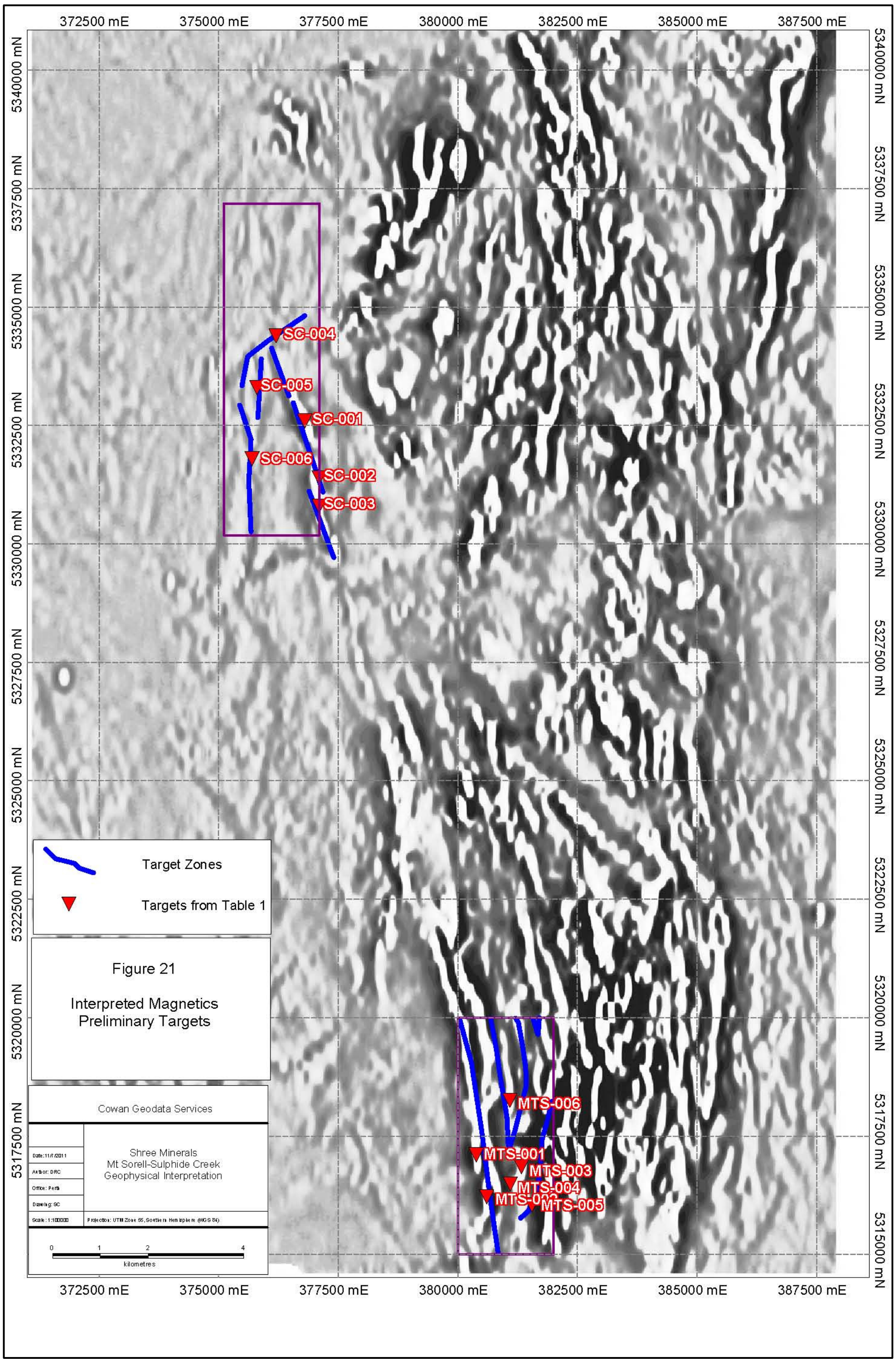
SULPHIDE CREEK (EL 43/2008)

Desk studies and exploration work has confirmed presence of "gold mineralisation" from near surface to depths greater-than 180 m at the tenement and the occurrence of gold mineralisation in the area is attributed to hydrothermal activities. Therefore, the Company decided to get an in depth knowledge on the mineralising processes and has commenced work on getting the available core (1,877 m) logged using HyLogger. Due to high demand on the instrument during the reporting period only 993.2 m along 6 diamond drill holes was logged.

The HyLogger uses reflectance spectroscopy and high-resolution imagery to scan drill core and identifies various minerals common to many geological units and hydrothermal alteration assemblages.

The logged info along with assays, geological logs, and previous technical reports are being studied by specialists in spectroscopic interpretation for data interpretation and advice on further drill targets.

Figure 1: Sulphide Creek & Mt Sorell Geophysical Targets



MT. SORELL (EL 42/2008)

During the report period geological reconnaissance of tenement's geophysical targets (Figure 1) for Volcanic-Hosted Massive Sulphide (VHMS) mineralisation was carried out. The planned work grid is shown in Figure 2. The reconnaissance included geological examination of geophysical target areas, some magnetic susceptibility readings, and collection of rock chip and soil samples. During field work besides geological examination 8 rock chip and 205 soil samples were collected.

On first pass, the contact between the Tyndall and Central Volcanic Complexes, considered potential geological feature for hosting VHMS mineralisation appears to be present in the tenement. During reconnaissance dark green fine-grained chloritic volcanics were located; basalt commonly being present at the VHMS horizon within the Mount Read Volcanics. It is possible that this may represent Cambrian mafic volcanics.

In general Zn is lower than peak analysis from the previous survey. Au in soils appears to reflect weakly elevated values coincident with the Zn anomalism, but also the quartz veining. Significant contamination from eluvial sources is possible with this dataset.

A detailed study of the collected information is in progress for planning further exploration in the tenement.

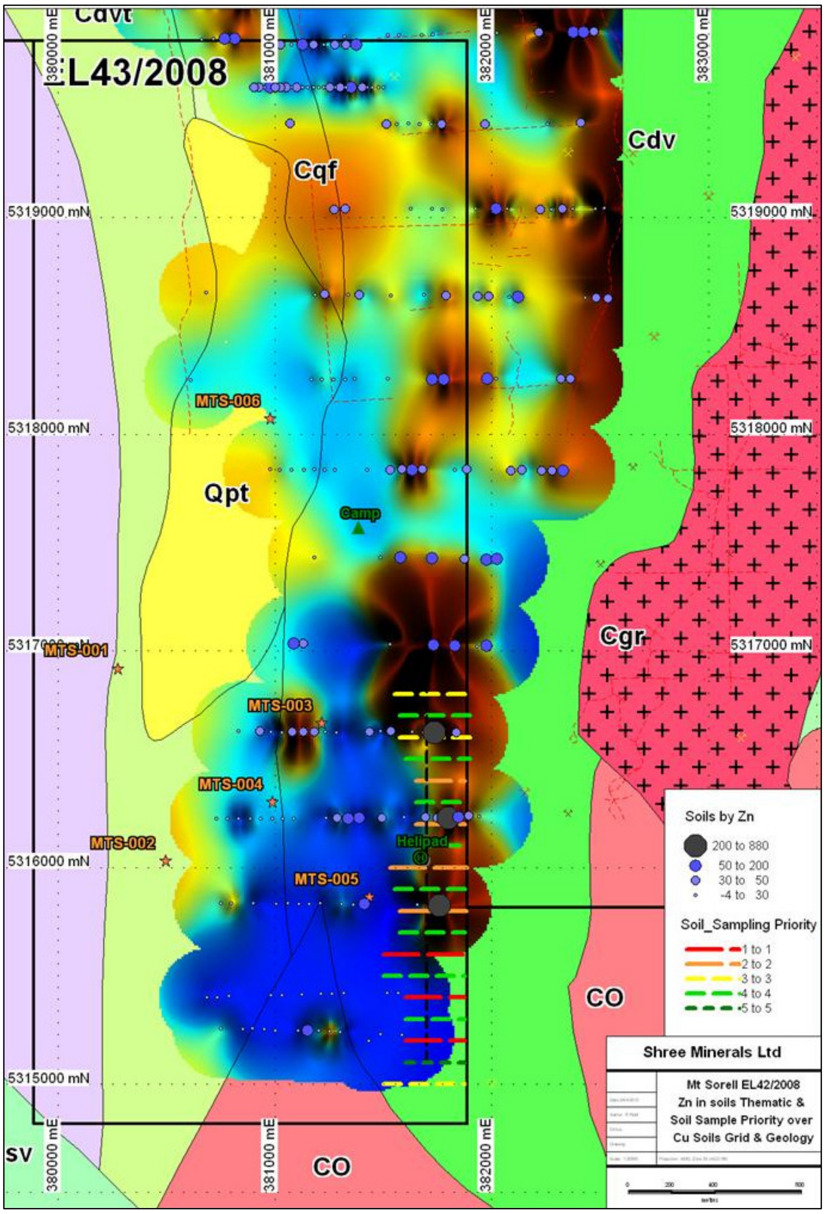


Figure 2: Mt. Sorell (EL 42/2008) tenement map showing geology, geophysical targets, Zn results of previous soil sampling and Shree planned sampling grid

MT. BERTHA (EL 42/2004)

During reporting period, a 2-week long reconnaissance fieldwork was undertaken. Fieldwork mainly targeted 3 magnetic highs (ABC – Figure 3) close to easy access (Savage River Pipeline access road). The primary target is magnetite, analogous to the Savage River Iron Ore deposit that lies ~30km SW along strike within the Arthur Metamorphic Complex (AMC). The potential for other commodities (Cu and Au) was also considered.

Traverses to anomalies A, B and C, as well as along the Pipeline Track were undertaken. Magnetic susceptibility meter was used to record magnetic intensity of rocks from the targeted areas. Field data included collection of magnetic susceptibilities, rock chip sampling, and reconnaissance geology of the areas examined.

A total of 166 magnetic intensity readings were recorded, which will be used in refining magnetic modelling of the area; in particular allowing characterisation of the Tertiary Basalts which are widespread and mask potential subsurface magnetite mineralisation within the Arthur Metamorphic Complex (AMC) schists.

Additionally, 17 rock chip samples were collected for geochemical studies. The samples included both typical and magnetic basalt as well as the Arthur Metamorphic Complex quartz-vein containing schists. The later, samples are aimed to assess potential for Cu and Au mineralisation in the tenement.

Data analysis shows that anomalous magnetic susceptibility is generally >5 SI. However, in basalts it ranged from 10 to 51.6 SI. Anomalous magnetic susceptibilities were located in basalts at all magnetic anomalies investigated. The AMC schists locally returned anomalous values in the range from 5 to 9.09 SI, favourably indicating a likely relationship to an overprinting magnetite mineralising event.

The analytical results of the 17 rock chip samples show some anomalous values of Scandium (36.5 ppm), Yittrium (28.9 ppm), Lathanum (35 ppm), Cerium (101.5 ppm), etc., which need examination. The study of these and related elements' significance along with selected petrography will be the subject for the coming reporting period.

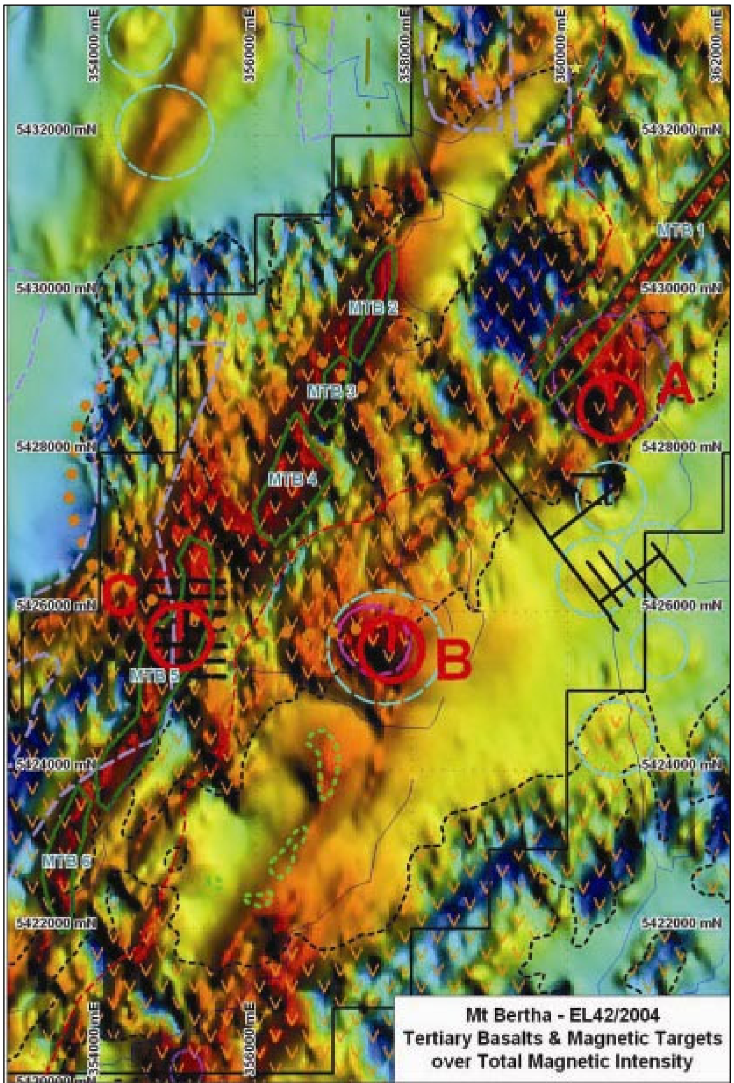


Figure 3: Showing Magnetic Targets (red = Tear in Harder 2007, green = Cowan 2010, dashed light green = CRA vegetation anomaly) with Tertiary Basalt (V) distribution over WTRMP Aeromagnetics total magnetic intensity (GDA94).

Figure 3: Mt. Bertha (EL 42/2004) tenement map showing geology, geophysical targets

SHREE MINERALS LTD DIRECTORS' REPORT

OUTLOOK 2012/2013

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

NELSON BAY RIVER IRON ORE PROJECT (EL41/2004 AND EL54/2008)

Drilling of percussion and some diamond drilling for resource infill & to extend known DSO resources both in depth along strike within the Nelson Bay River tenement (EL41/2004) and preliminary drilling at Rebecca Creek (tenement contiguous to Nelson Bay River tenement) for tenement's potential for DSO resource is planned for the financial year 2012-13.

Pursuing Approvals to commence the project.

SULPHIDE CREEK AND MT SORELL

Based on HyLogger study results further planning of exploration program, which may include some deep drilling.

MT. SORELL (EL 42/2008)

Continue in field checking of known geophysical targets in light of 2011/12 field results, which will include, access, geological mapping, and examination of target and tenement regolith, designing of geochemical sampling program.

MT BERTHA

Continue in field checking of known geophysical targets in light of 2011/12 field results, which will include, access, geological mapping, and examination of target and tenement regolith, designing of geochemical sampling program.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

FINANCIAL POSITION

The net assets of the Company are $8,805,865 (2011: $7,723,202)

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

AFTER BALANCE DATE EVENTS

- On 26th July 2012 the company received communication of the decision by the Board of the Tasmanian Environment Protection Authority (EPA) to issue approval conditions for the company's proposed magnetite and hematite mine at Nelson Bay River, in northwest Tasmania.
- On 23rd August 2012 , it further received planning permit from the Circular Head Council which completes the Tasmanian planning and environmental approval requirements and the company now looks forward to the issue of the mining lease by the Tasmanian Government and also to the Commonwealth Government's separate environmental approval decision.
- On 30th August 2012 , the company received a communication from Resource Management and Planning Appeal Tribunal, Tasmania informing about a notice of appeal in relation to the Permit issued by the Circular Head Council , which the company hopes to resolve through due administrative process.
- On 13th September the Tasmanian Government has Granted a Mining Lease for mining at the Nelson Bay River Iron Project.

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

DIRECTORS' INTERESTS

	ORDINAR SHARES FULLY PAID	OPTIONS	SHARE PERFORMANCE RIGHTS
Mr S Loyalka	25,915,000	1,000,000	-
Mr A Jagatramka	15,222,500	1,000,000	-
Mr M Pal	300,000	1,000,000	1,000,000
Mr A Lau	-	1,000,000	-
Mr A Shah	4,525,000	1,000,000	-

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 Mont Gordon Copper Operations. These led to a successful listing of the Company on the Australian Securities Exchange under an IPO raising $300 million and inclusion in the ASX S&P 300 index.

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

Mr Arun Jagatramka, Non Executive Director BCom (Hons), FCA, AIMM

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

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

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

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

Mr Mahendra Pal, Non Executive Director MSc, MSGAT (India) and FAusIMM (Australia)

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

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

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

Besides company directorship, Mr Pal runs his own Geological Consultancy business. From 2000 to April 2007, he provided consulting services to several exploration/mining companies including Auiron Energy, Centrex Metals, Rio Tinto Exploration, Hamersley Iron, Consolidated Minerals, Sinosteel Australia, Sinosteel Midwest Corporation, Sumitomo Corporation, Golden West Resources Ltd, Fairstar Resources Ltd, and NEX Metals Exploration Ltd in Australia. Overseas, in India he worked as a Technical Adviser for Rio Tinto Orissa Mining

Limited (a Rio Tinto Joint Venture with Orissa Mining Corporation, India) and as a consultant to Tata Iron & Steel, and Mid-West Granite, in Iran as a Consultant to International Minerals Consulting Company, and as a consultant to Oswal Brasil Refinaria de Petróleo, in Brazil.

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

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

Mr Andy Lau, Non Executive Director MBA

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

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

Mr Amu Shah, Non Executive Director

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

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

Mr Amu Shah has extensive international and local business experience.

REMUNERATION REPORT (AUDITED)

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

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

Remuneration Policy

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

General director remuneration

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

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

Executive remuneration

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

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

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

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

a. reward reflects the competitive market in which the Company operates;

b. individual reward should be linked to performance criteria; and

c. 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 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.

Details of remuneration

Key Management Personnel comprise the executive and non- executive directors only during FY2012.The remuneration for Key Management Personnel of the Company during the year and the previous year was as follows:

2012	Short-term Employee Benefits				Post-employment Benefits				
	Cash, salary, Directors Fees	Cash profit share, bonuses	Non-cash benefits	Allowances	Super-annuation	Other Long-term Benefits	Share Based Payments	Total	% Performance Based
Mr S Loyalka Executive Director	201,835	-	-	-	18,165	-	90,386	310,386	-
Mr A Jagatramka Non Executive Director	2,294	-	-	-	206	-	46,886	49,386	-
Mr M Pal Non Executive Director	75,000	-	-	-	-	-	33,900	108,900	31%
Mr Andy Lau Non Executive Director	30,000	-	-	-	-	-	30,386	60,386	-
Mr Amu Shah Non Executive Director	-	-	-	-	-	-	48,386	48,386	-
	309,129	-	-	-	18,371	-	249,942	577,444	

2011

	Short-term Employee Benefits				Post-employment Benefits				
	Cash, salary, Directors Fees	Cash profit share, bonuses	Non-cash benefits	Allowances	Super-annuation	Other Long-term Benefits	Share Based Payments	Total	% Performance Based
Mr S Loyalka Executive Director	183,486	-	-	-	16,514	-	-	200,000	-
Mr A Jagatramka Non Executive Director	7,500	-	-	-	675	-	-	8,175	-
Mr M Pal Non Executive Director	70,000	-	-	-	-	-	43,500	113,500	-
Mr Andy Lau Non Executive Director	7,500	-	-	-	-	-	-	7,500	-
Mr Amu Shah Non Executive Director	2,500	-	-	-	-	-	-	2,500	-
Mr S Ledger[1] Company Secretary	24,996	-	-	-	-	-	-	24,996	-
	295,982	-	-	-	17,189	-	43,500	356,671	-

1 Mr Ledger resigned effective 20 July 2011. He did provide some accounting advisory services post that date & was paid consultancy fees based on hourly rates during Financial year 2011-12.

Options , Performance shares & Shares issued as part of remuneration for the period ended 30 June 2012

There were 1,000,000 options each issued to Mr Arun Jagatramka ,Mr. Andy Lau , Mr.Amu Shah and Mr.Sanjay Loyalka as part of remuneration for the year ending 30 June 2012.

There were 1,000,000 Performance Shares issued to Mr Mahendra Pal as part of remuneration for the year ending 30 June 2012.

There were 137,500 ordinary shares issued to Mr Arun Jagatramka , 150,000 ordinary shares issued to Mr.Amu Shah and 500,000 ordinary shares issued to Mr.Sanjay Loyalka as part of remuneration for the year ending 30 June 2012.
Please refer to Note 19 for further information.

Vote on Remuneration Report at 2011 AGM

At the 2011 AGM , 77,868,999 proxy votes were received out of total eligible votes of 95,060,000 . Of the proxy votes received , 40,741,000 proxy votes were excluded as those represented by *Key Management Personnel (KMP) or that KMP's closely related party* .
The resolution was adopted with 19,097,999 votes in favour of the resolution. However , the votes cast against the resolution being 18,040,000 votes represented more than 25% of the votes cast setting aside the exclusions as described above.
It is the Company's understanding that the concern was around share based payments (being issue of shares partly in lieu of remuneration and services and issue of performance shares in lieu of cash bonus linked with performance milestones) as it was perceived that the share based payments lead to increase in number of issued shares & may put pressure on share prices .

The company had opted for share based payments in lieu of cash payments to conserve the cash resources as the company is still in exploration & development stage .
The company has taken note of this concern & is accordingly not proposing any further share based payments.

Shares Issued on Exercise of Compensation Options

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

Employment contracts of directors and senior executives

The employment 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 . During the financial year 2011-12 , at Mr.Loyalka's discretion he was issued with 500,000 shares and 1,000,000 options , partly in lieu of cash remuneration and he was paid a cash remuneration of $220,000 including superannuation . Mr.Loyalka's employment arrangements cover a five year tenure that commenced from 10 May 2008, with the option of extension by another five years .

Mr.Mahendra Pal is an independent Non Executive Director of the company. He has additionally agreed to support the Geological & Technical functions of the company effective March 2010. Accordingly , during the financial year 2011-12, he was paid a total cash remuneration of $75,000 & has been issued with performance shares.

Mr. Amu Shah is a Non Executive Director of the company. During the financial year 2011-12 , at Mr.Shah's discretion he was issued with 150,000 shares and 1,000,000 options , in lieu of cash remuneration .

Mr. Arun Jagatramka is a Non Executive Director of the company. During the financial year 2011-12 , at Mr. Jagatramka's discretion he was issued with 137,500 shares and 1,000,000 options , partly in lieu of cash remuneration and he was paid a cash remuneration of $2,500 including superannuation .

Mr. Andy Lau is a Non Executive Director of the company. During the financial year 2011-12 , at Mr. Lau's discretion he was issued with 1,000,000 options and he was paid a cash remuneration of $30,000 by way of consulting fees .

END OF REMUNERATION REPORT

Meetings of Directors

During the financial year, 5 formal meetings of Directors (including committees of directors) were held. Attendances by each Director during the year were as follows:

	Board Meetings	
Director	Meetings attended	Meetings held whilst in office
Sanjay Loyalka	5	5
Arun Jagatramka	3	5
Mahendra Pal	4	5
Andy Lau	2	5
Amu Shah	5	5

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

Indemnifying Officers or Auditor

The company maintains director and officer liability insurance only.

Options

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

Date of Expiry	Exercise Price	Number under Option
31/10/2012	$0.20	13,500,000
12/02/2013	$0.20	250,000
		13,750,000

During the year ended 30 June 2012, 7,187,500 shares were issued on the exercise of options. There were 8,703,500 options expiring on 30 June 2011, of which the company received applications for 1,437,500 shares which were subsequently issued on 15 July 2011. In addition, partial underwriting agreements were also finalised on 15 July 2011 with the issuance of a further 5,750,000 shares.

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

Proceedings on Behalf of Company

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

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

Non-audit Services

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

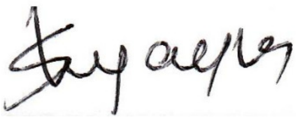
- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance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

There were no fees (2011: nil) for non-audit services were paid/payable to the external auditors during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 25 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 2012.

CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2012.

Board Composition

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

CORPORATE GOVERNANCE STATEMENT

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

RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
1.1	Companies should establish the functions reserved for the board and those delegated to senior executives and disclose those functions.	Satisfied. Board Charter is available at www.shreeminerals.com in the Corporate Governance Statement.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Satisfied. Board Performance Evaluation Policy is available at www.shreeminerals.com in the Corporate Governance Statement.
1.3	Companies should provide the information indicated in the Guide for reporting on Principle 1	Satisfied. The Board Charter is available at www.shreeminerals.com in the Corporate Governance Statement. Whilst the performance of management is appraised on an ongoing basis. During the year no formal appraisal of management was conducted.
2.1	A majority of the board should be independent directors.	Satisfied.
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

RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
		conducted.
3.1	Companies should disclose a code of conduct and disclose the code or a summary of the code as to: The practices necessary to maintain confidence in the company's integrity The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Satisfied. The Code of conduct is available at www.shreeminerals.com in the Corporate Governance Statement.
3.2	Companies should establish a policy concerning 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	The board committee should be structured so that it: Consists only of non-executive directors Consists of a majority of independent directors Is chaired by an independent chair, who is not chair of	Not satisfied. The company has adopted a policy which includes Executive Directors as audit committee members.

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

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.comin the Corporate Governance statement.

Other Information

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

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Shree Minerals Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the 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 2012

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30 JUNE 2012

	Note	30 June 2012 $	30 June 2011 $
Revenue from continuing operations			
Interest		171,964	176,959
Other		0	69,091
Expenses from continuing operations			
Finance charges		(2,440)	(1,727)
Employee costs		(519,215)	(316,218)
Regulatory costs		(14,648)	(14,888)
Occupancy and communication		(24,344)	(37,882)
Accounting and Legal Fees		(84,720)	(70,482)
Impairment of exploration tenements		0	(281,169)
Other Expenses		(44,199)	(60,842)
Loss before income tax		(517,602)	(537,158)
Income tax benefit	4	266,702	202,125
Loss for the period		(250,901)	(335,033)
Other comprehensive income		-	-
Comprehensive Loss for the year		(250,901)	(335,033)
Earnings per share for (loss) attributable to ordinary equity holders of the company:			
Basic (loss) cents per share	5	(0.26)	(0.38)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	30 June 2012 $	30 June 2011 $
Assets			
Current Assets			
Cash and cash equivalents	6	2,595,756	2,489,302
Receivables	7	341,796	192,428
Other Assets	6A	93,772	67,860
Total Current Assets		3,031,324	2,749,590
Non-Current Assets			
Exploration and evaluation	9	5,931,785	5,209,739
Plant and equipment	8	2,889	1,708
Total Non-Current Assets		5,934,674	5,211,447
Total Assets		8,965,998	7,961,037
Liabilities			
Current Liabilities			
Trade and other payables	10	156,294	233,996
Provisions	10	3,839	3,839
Total Current Liabilities		160,133	237,835
Total Liabilities		160,133	237,835
Net Assets		8,805,865	7,723,202
Equity			
Contributed equity	11	9,678,432	8,500,310
Reserves	12	284,587	129,145
Accumulated losses	12	(1,157,154)	(906,253)
Total Equity		8,805,865	7,723,202

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Issued Capital $	Accumulated Losses $	Share based option reserve	Total $
BALANCE AT 1 July 2010		8,163,345	(442,075)	-	7,721,270
Prior period adjustment	12		(129,145)	129,145	-
Total comprehensive income for the period		-	(335,033)	-	(335,033)
Shares issued during the year	11	354,000	-	-	354,000
Capital raising costs		(17,035)	-	-	(17,035)
SUB-TOTAL		8,500,310	(906,253)	129,145	7,723,202
Dividends paid or provided for		-	-		-
BALANCE AT 30 JUNE 2011		8,500,310	(906,253)	129,145	7,723,202
BALANCE AT 1 July 2011		8,500,310	(906,253)	129,145	7,723,202
Total comprehensive income for the period		-	(250,901)	-	(250,901)
Share Based Options Reserve Valuation		-	-	155,442	155,442
Shares issued or applied for during the year	11	1,256,500	-	-	1,256,500
Capital raising costs		(78,378)	-	-	(78,378)
SUB-TOTAL		9,678,432	(1,157,154)	284,587	8,805,865
Dividends paid or provided for		-	-	-	-
BALANCE AT 30 JUNE 2012		9,678,432	(1,157,154)	284,587	8,805,865

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	30 June 2012 $	30 June 2011 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,193,027)	(1,220,398)
Interest received		179,633	175,672
Research and Development tax concession		-	202,125
Other Income		76,000	-
Finance and borrowing costs paid		-	-
Net cash inflow from operating activities	15(b)	(937,394)	(842,601)
Cash flows from investing activities			
Payment for plant and equipment		(1,862)	(975)
Payments for tenement acquisition		-	-
Net cash outflow from financing activities		(1,862)	(975)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		1,150,000	287,500
Payments for share issue costs		(78,379)	-
Repayment of borrowings		-	-
Net cash outflow from financing activities		1,071,621	287,500
Net (decrease) increase in cash and cash equivalents		132,366	(556,076)
Cash and cash equivalents at the beginning of the financial period		2,557,162	3,113,238
Cash and cash equivalents at the end of the financial period	6	2,689,528	2,557,162

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

Statement of Compliance

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

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

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

The financial report is presented in Australian currency.

Basis of Preparation

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

The significant accounting policies set out below have been applied in the preparation and presentation of the financial report for the year ending 30 June 2012 and comparative information.

a. Income Tax

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

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

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

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

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

b. Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

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

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

Depreciation

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

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

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

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

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

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

c. Exploration, evaluation and development expenditure

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

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

When production commences, the accumulated costs for the relevant area of interest area amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

d. Leases

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

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

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

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

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

e. Financial Instruments

Recognition and Initial Measurement

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

(v) Financial Liabilities

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

Derivative instruments

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

Fair value

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

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

f. Impairment of Non Financial Assets

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

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

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

g. Interests in Joint Ventures

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

h. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

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

i. Provisions

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

j. Cash and Cash Equivalents

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

k. Revenue

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

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

l. Goods and Services Tax ("GST")

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

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

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

m. Comparative Figures

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

n. Critical Accounting Estimates and Judgments

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

Key Judgements – Deferred exploration and evaluation expenditure

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

Key Judgements Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model or other appropriate methodology, using the assumptions detailed in note 19.

o. Operating segments

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

NOTE 2: KEY MANAGEMENT PERSONNEL COMPENSATION

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

Sanjay Loyalka	Chairman
Mahendra Pal	Director
Arun Kumar Jagatramka	Director
Andy Lau	Director
Amu Shah	Director

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report. Total payments including valuation of share based payments for FY2012 was $577,444

Number of Shares Held by Key Management Personnel

30 June 2012

Key Management Person	Balance 1 July 2011	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30 June 2011
Mr Sanjay Loyalka	25,415,000	500,000	-	-	-	25,915,000
Mr Mahendra Pal[3]	300,000	-	-	-	-	300,000
Mr Arun Jagatramka[4]	15,085,000	137,500	-	-	-	15,222,500
Mr Andy Lau	-	-	-	-	-	-
Mr Amu Shah[1]	3,750,000	150,000	625,000	-	-	4,525,000
	44,550,000	787,500	625,000	-	-	45,962,500

30 June 2011

Key Management Person	Balance 1 July 2010	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30 June 2011
Mr Sanjay Loyalka	25,415,000	-	-	-	-	25,415,000
Mr Mahendra Pal[3]	-	300,000	-	-	-	300,000
Mr Arun Jagatramka[4]	15,085,000	-	-	-	-	15,085,000
Mr Andy Lau	-	-	-	-	-	-
Mr Amu Shah[1]	3,750,000	-	-	-	-	3,750,000
Mr Steve Ledger	20,000	-	-	-	-	20,000
	44,270,000	300,000	-	-	-	44,570,000

Number of Options Held by Key Management Personnel

30 June 2012

Key Management Person	Balance 30 June 2011	Granted as compensation	Options Exercised	Net Change Other	Balance 30 June 2011	Total Vested 30 June 2011	Total Exercisable 30 June 2011	Total Unexercisable 30 June 2011
Mr Sanjay Loyalka	-	1,000,000	-	1,000,000	1,000,000	1,000,000	1,000,000	-
Mr Mahendra Pal[3]	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
Mr Arun Jagatramka	-	1,000,000	-	1,000,000 -	1,000,000	1,000,000	1,000,000	-
Mr Amu Shah[1]	625,000	1,000,000	625,000	375,000	1,000,000	1,000,000	1,000,000	-
Mr Andy Lau	-	1,000,000	-	1,000,000	1,000,000	1,000,000	1,000,000	-
	1,625,000	4,000,000	625,000	3,375,000	5,000,000	5,000,000	5,000,000	-

30 June 2011

Key Management Person	Balance 30 June 2010	Granted as compensation	Options Exercised	Net Change Other	Balance 30 June 2011	Total Vested 30 June 2011	Total Exercisable 30 June 2011	Total Unexercisable 30 June 2011
Mr Sanjay Loyalka	50,000	-	-	(50,000)	-	-	-	-
Mr Mahendra Pal	1,000,000	-	-	-	1,000,000	-	-	1,000,000
Mr Arun Jagatramka[3]	-	-	-	-	-		-	-
Mr Amu Shah[1]	625,000	-	-	-	625,000	625,000	625,000	-
Mr Andy Lau	-	-	-	-	-	-	-	-
Mr Steve Ledger[2]	510,000	-	-	(10,000)	500,000	500,000	500,000	-
	2,185,000	-	-	(60,000)	2,125,000	1,125,000	1,125,000	1,000,000

1. The disclosures for the period ending 30 June 2011 have been revised for Mr.Amu Shah to exclude shares erroneously included previously in his holdings on which he has no controlling influence .

2. Mr. Steve Ledger resigned as Company Secretary effective 20 July 2011

3. The disclosures for the period ending 30 June 2011 have been revised for Mr.Arun Jagatramka to include shares erroneously excluded previously in his holdings .

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

On 30 June 2012, Mr.Mahendra Pal held 1,000,000 share performance rights & the same were not excersiable on 30th June 2012. No other Key Management Personnel held any share performance rights on 30 June 2012 .

On 30 June 2011, no share performance rights were held by any Key Management Personnel.

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

NOTE 3: AUDITORS' REMUNERATION

	30 June 2012 $	30 June 2011 $
Remuneration paid or payable of the auditor for:		
– Auditing or reviewing the financial report	8,198	15,225
– Taxation services and corporate services	-	-
	8,198	15,225

NOTE 4: INCOME TAX

	30 June 2012 $	30 June 2011 $
a. **Income tax expense**		
Current tax	-	-
Deferred tax	-	-
	-	-
Deferred income tax expense included in income tax expense comprises:		
(a) (Increase) in deferred tax assets	(969,057)	(195,988)
(b) Increase in deferred tax liabilities	969,057	195,988
	-	-

	30 June 2012 $	30 June 2011 $
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%	(155,281)	(100,510)
Add / (Less)		
Tax effect of:		
Non-deductible expenses	75,004	
Deferred tax asset not brought to account	80,277	100,510
Research & Development Offset	(266,702)	
Income tax attributable to operating loss	(266,702)	-

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	1,094,703	-
Provisions	7,392	1,152
Other	62,951	194,836
Set-off deferred tax liabilities	(1,165,045)	(195,988)
Net deferred tax assets	-	-

d. **Deferred tax liabilities**

Exploration expenditure	1,165,045	195,988
Set-off deferred tax assets	(1,165,045)	(195,988)
Net deferred tax liabilities	-	-

e. **Tax losses**

Unused tax losses for which no deferred tax asset has been recognised	115,914	1,681,997

NOTE 5: EARNINGS PER SHARE

	30 June 2012	30 June 2011
	$	$
a. Earnings used to calculate basic EPS	(250,901)	(335,033)
	Number of Shares	**Number of Shares**
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	95,265,753	87,620,993

NOTE 6: CASH AND CASH EQUIVALENTS

	30 June 2012	30 June 2011
	$	$
Cash at bank and in hand	2,595,756	2,489,302

NOTE 6A: OTHER ASSETS

	30 June 2012	30 June 2011
	$	$
Cash deposits supporting Bank Guarantees for Rehabitilation Bonds	93,772	67,860

NOTE 7: TRADE AND OTHER RECEIVABLES

	30 June 2012 $	30 June 2011 $
Interest receivable	37,464	46,388
Prepayments	13,954	-
Income Tax offsets	267,956	-
Security deposits	-	19,000
Trade receivables	624	76,000
GST and ABN withholding tax receivables	21,799	51,040
	341,797	192,428

NOTE 8: PROPERTY, PLANT & EQUIPMENT

	30 June 2012 $	30 June 2011 $
Plant And Equipment		
Office Equipment – at cost	3,882	2,020
Accumulated depreciation	(992)	(312)
	2,890	1,708

a. Movements in Carrying Amounts

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

	Plant and equipment $	Office Equipment $	Total $
Opening balance at 1 July 2011	-	1,708	1,708
Additions	-	1,861	1,861
Depreciation expense	-	(680)	(680)
Balance at 30 June 2012	-	2,889	2,889

NOTE 9: EXPLORATION EXPENDITURE

	30 June 2012	30 June 2011
	$	$
Exploration and evaluation phase expenditure capitalised	5,931,785	5,209,739

Movements	$
Opening balance at 1 July 2010	4,556,445
Exploration capitalised	934,463
Impairment / relinquishment	(281,169)
Balance at 30 June 2011	5,209,739
Opening balance at 1 July 2011	5,209,739
Exploration capitalised	722,046
Impairment / relinquishment	-
Balance at 30 June 2012	5,931,785

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.

NOTE 10: TRADE AND OTHER PAYABLES

	30 June 2012	30 June 2011
	$	$
Current		
Trade and other creditors	156,294	233,996
Provisions	3,839	3,839
	160,133	237,835

NOTE 11: CONTRIBUTED EQUITY

	30 June 2012	30 June 2011
	$	$
95,947,500 (2011: 87,872,500) Fully paid ordinary shares	9,678,432	8,500,310

The Company has issued capital amounting 95,947,500 (2011: 87,872,500) with no par value

Movements		
Opening balance	8,500,310	8,163,345
Shares issued	1,150,000	66,500
Options exercised and to be allotted	106,500	287,500
Shares issued or applied for during the year	1,256,500	354,000
Capital raising costs	(78,378)	(17,035)
Closing balance	9,678,432	8,500,310

(a) **Ordinary Shares**	**Number of Shares**	**Number of Shares**
At the beginning of the reporting period	87,872,500	87,422,500
Shares issued during the period		
At the beginning of the reporting period	87,872,500	87,422,500
Shares issued during the period		
– 15 July 2011	7,187,500	-
– 15 December 2011	887,500	-
– 21 January 2011	-	450,000
At reporting date	95,947,500	87,872,500

(b) **Options**

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

Date of Expiry	Exercise Price	Number under Option
31/10/2012	$0.20	13,500,000
12/02/2013	$0.20	250,000
		13,750,000

During the year ended 30 June 2012,7,187,500 shares were issued on the exercise of options. There were 8,703,500 options expiring on 30 June 2011, of which the company received applications for 1,437,500 shares which were subsequently issued on 15 July 2011. In addition, partial underwriting agreements were also finalised on 15 July 2011 with the issuance of a further 5,750,000 shares.

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

(c) **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.

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 2012 and 30 June 2011 are as follows:

Cash and cash equivalents	2,689,528	2,557,162
Trade and other receivables	348,030	192,428
Trade and other payables	(166,367)	(237,835)
Working capital position	2,871,191	2,511,755

NOTE 12: ACCUMULATED LOSSES AND RESERVES

	30 June 2012	30 June 2011
	$	$
a. Accumulated Losses		
At the beginning of the reporting period	906,253	442,075
Prior period adjustment	-	129,145
Comprehensive loss	250,901	335,033
At reporting date	**1,157,154**	**906,253**

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 4,000,000 (2011: nil) options and 1,000,000 (2011: nil) Share Performance Rights were issued. Accordingly , the increase in share based option reserve of $155,442 recorded in the current reporting period as following:

4,000,000 Options	$121,542.46
1,000,000 Share Performance Rights	$33,900.00

NOTE 13: COMMITMENTS

	30 June 2012	30 June 2011
	$	$
a. The Company has tenements rental and expenditure commitments of:		
Payable:		
– not later than 12 months	180,000	203,367
– between 12 months and 5 years	-	-
– greater than 5 years	-	-

b. The Company has other rental and expenditure commitments of $10,184 within the next 12 months.

NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

i) The company completing a bankable feasibility study to be solely funded by the company;
ii) The company obtaining funding approval for the development and operation of a mine as contemplated

by the bankable feasibility; and

iii) The Board approving a decision to mine, on the Nelson Bay River tenement.

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

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

NOTE 15: CASH FLOW INFORMATION

	30 June 2012	30 June 2011
	$	**$**
(a) **Reconciliation of Cash**		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash	2,689,528	2,557,162
(b) **Reconciliation of Cash Flow from Operations with Operating Loss after Income Tax**		
Operating loss after income tax	(250,901)	(335,033)
Non-cash flows:		
Share based payments	261,942	66,500
Capital raising costs	(78,378)	(17,035)
Tenement impairment/relinquishment	-	281,169
Depreciation and amortisation	680	302
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(149,368)	(86,490)
(Increase)/decrease in other assets	(643,667)	(934,462)
Increase/(decrease) in trade and other payables	(77,702)	182,448
Net Cash Flow (used in) Operating Activities	(937,394)	(842,601)

NOTE 16: RELATED PARTY TRANSACTIONS

Key Management Personnel

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

Other transactions

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

NOTE 17: FINANCIAL INSTRUMENTS

a. Financial Risk Management

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

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

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

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 2012, 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 $21,577 lower/higher (2011 - $19,179 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:

	Floating Interest Rate		Fixed Interest Rate				Non Interest Bearing		Total		Weight Effective Interest Rate	
			1 Year or Less		1 to 5 Years							
	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $	2012 %	2011 %
Cash	2,616,719	1,930,103	72,809	627,059	-	-	-	-	2,689,528	2,557,162	559	6.59
Trade and other receivables	-	-	-	-	-	-	348,030	192,428	348,030	192,428	N/A	N/A
Total Financial Assets	2,616,719	1,930,103	72,809	627,059	-	-	348,030	192,428	3,037,558	2,749,590		
Financial Liabilities												
Trade and other payables	-	-	-	-	-	-	(166,367)	(237,835)	(166,367)	(237,835)	N/A	N/A
Total Financial Liabilities	-	-	-	-	-	-	(166,367)	(237,835)	(166,367)	(237,835)		

NOTE 18: OPERATING SEGMENTS

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

NOTE 19: SHARE-BASED PAYMENTS

During the year 4,000,000 (2011: nil) options and 1,000,000 (2011: nil) Share Performance Rights were issued. Accordingly , an adjustment to the share based option reserve of $155,442 was done in the current reporting period (Refer Note 12). The fair value was determined as at Dec 2011 for by an internal valuation using a Black-Scholes option pricing model or other appropriate methodology, using the following assumptions:

1. Performance Shares : Production of DSO at 100,000 tonnes for FY2013, 400,000 tonnes for FY2014 & 130,000 tonnes for FY 2015.

2. Risk Free Rate : Depending on term - bonds over the period vary between 3.55 to 4.12%, have assumed 4% for calculation purposes

3.Grant Date : 23/11/2011

4.Volatality : As the industry is subject to large variances and therefore industry standard is most relevant

5. Price at Grant : 0.12 per share.

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

Expenses arising from share-based payment transactions

There were $106,500 (2011: $66,500) expenses arising from share-based payment transactions recognised during the period. These expenses were recognised at the date the share based payments were approved and at the share price applicable at that date.

NOTE 20: CHANGE IN ACCOUNTING POLICY

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The company's assessment of the impact of these new standards and interpretations are set out below.

Title and Topic	Issued	Applicable (*)	Impact
AASB 9 – Financial Instruments	December 2009	1 January 2015	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Company, it is not anticipated the standard will have any material effect.
AASB 1053 – Application of Tiers of Australian Accounting Standards	June 2010	1 July 2013	Nil – Due to its nature and statutory requirements the Company will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Company (refer (i) above).
AASB 2010 – 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	1 July 2013	Nil – None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.

AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	1 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Company (refer (i) above).
AASB 2010 – 10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	December 2010	1 January 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Company.
AASB 2011 – 2 Amendments to Australian Accounting Standards – Arising from the Trans – Tasman Consequence Project – Reduced Disclosure Requirements. [AASB 101 & AASB 1054]	May 2011	1 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Company.
AASB 2011 – 6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	1 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Company.
AASB 10 – Consolidated Financial Statements AASB 11 – Joint Arrangements AASB 12 – Disclosure of Interests in Other Entities AASB 127 – Separate Financial Statements AASB 128 – Investments in	August 2011	1 January 2013	Nil – None of these except for AASB 128, are expected to have significant application to the operations of the Company. With respect to AASB 128, where the Company has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more

Associates and Joint Ventures AASB 2011 – 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 131, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17			clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Company
AASB 13 – Fair Value Measurement AASB 2011 – 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	1 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires: Inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and Enhanced disclosures regarding all assets and liabilities (including, but not limited to financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Company adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Company as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards.The amendments to the legislation requires the phasing in of fair value in relation to fixed assets

			over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	1 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.
AASB 119 – Employee Benefits	September 2011	1 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Company nor are the changes to AASBs in relation to termination benefits.
AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	1 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Company.

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

NOTE 21: COMPANY DETAILS

The registered office and principal place of business of the Company is:
Unit 4
The Pines Business Centre
86 -88 Forrest Street
Cottesloe
WA 6011
Ph: (08) 61612068
Fax: (08) 93855194

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 26 to 52, 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 2012 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 2012, comply with section 300A of the Corporations Act 2001.

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

(d) the Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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

3. The remuneration disclosures in the audited Remuneration Report on pages 12 to 16 in the Directors' report for the year ended 30 June 2012 complies with Section 300A of the Corporations Act 2001.

4. The directors have been given the declarations required by Section 295A of the Corporations Act from the chief executive officer and chief financial officer for the financial year ended 30 June 2012.

Dated at Unit 4,The Pines Business Centre, 86 -88 Forrest Street, Cottesloe, WA 6011 this 26th day of September 2012.

Signed in accordance with a resolution of the directors:

____

Sanjay Loyalka

Director

Grant Thornton

Grant Thornton Audit Pty Ltd
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ACN 130 913 594

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

Report on the financial report

We have audited the accompanying financial report of Shree Minerals Limited (the "Company"), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company .

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determines 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 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 2012 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 13 to 17 of the directors' report for the year ended 30 June 2012. 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 2012, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 26 September 2012

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 17th September 2012.

SUBSTANTIAL SHAREHOLDERS

The company has received substantial shareholder notices from;

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

ISSUED SECURITIES

Refer note 11 of the financial statements.

VOTING RIGHTS

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

1. At a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and

2. On a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

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

DISTRIBUTION SCHEDULE – OPTIONS AS AT 17th SEPTEMBER 2012

Holdings Ranges	Holders	Total Units	%
1 - 1,000	0	0	0.000
1,001 - 5,000	0	0	0.000
5,001 - 10,000	0	0	0.000
10,001 - 100,000	0	0	0.000
100,001 - 99,999,999,999	8	13,750,000	100.000
	8	**13,750,000**	**100.000**

DISTRIBUTION SCHEDULE – SHAREHOLDINGS AS AT 17th SEPTEMBER 2012

Holdings Ranges	Holders	Total Units	%
1 - 1,000	1	1	0.000
1,001 - 5,000	16	62,859	0.066
5,001 - 10,000	200	1,979,665	2.063
10,001 - 100,000	181	6,867,438	7.157
100,001 - 99,999,999,999	48	87,037,537	90.714
	446	**95,947,500**	**100.000**

UNMARKETABLE PARCELS

There are nineteen unmarketable parcels as at 17th September 2012 totalling 73,530 ordinary shares.

20 LARGEST SHAREHOLDERS AS AT 17th SEPTEMBER 2012

Holder Name	Balance	%
MR SANJAY KUMAR LOYALKA <LOYALKA FAMILY A/C>	24,500,000	25.535
CHINA ALLIANCE INTERNATIONAL HOLDINGS GROUP LIMITED	16,000,000	16.676
GUJARAT NRE RESOURCES NL	15,000,000	15.634
ULLAPOOL INVESTMENTS PTY LTD <THE ULLAPOOL A/C>	6,000,000	6.253
MEGAWILD ENTERPRISES PTY LTD <VEER POONAM POOJAN PROP A/C>	4,525,000	4.716
ROSECLIFF HOLDINGS PTY LTD <SAHIB INVESTMENT A/C>	4,375,000	4.560
CHINA ALLIANCE INTERNATIONAL HOLDINGS GROUP LIMITED	2,000,000	2.084
MR AMRIK SINGH HEER	1,500,000	1.563
EXPORT MARKETING (BVI) LTD	1,250,000	1.303
MR ASOK KUMAR & MRS RENU KUMAR <ASOK KUMAR FAMILY S/F A/C>	1,150,000	1.199
DR DEEPAK NARAN <THE NARAN FAMILY NO 1 A/C>	1,000,000	1.042
IACG PTY LTD	750,000	0.782
MR SANJAY KUMAR LOYALKA	565,000	0.589
TANDON SUPERANNUATION SERVICES PTY LTD <THE TANDON PENSION FUND A/C>	500,000	0.521
MS EMMA HALL	500,000	0.521
BRIAN EDWARD VON BERGHEIM PTY LTD <THE GREENWAY A/C>	500,000	0.521
MR LINDSAY HAMILTON-SMITH & MRS ANDREA MARTINA HAMILTON-SMITH <EXTEL SUPER	500,000	0.521
RANGEWELL PTY LTD	475,000	0.495
DEPAK DOLATHRAI NARAN <THE NARAN FAMILY NO 1 A/C>	375,000	0.391
MR HARDEEP SINGH HEER	300,000	0.313
MRS KAREN LEANNE HISLOP	300,000	0.313
	82,065,000	**85.531**

20 LARGEST OPTION HOLDERS AS AT 17th SEPTEMBER 2012

Holder Name	Balance	%
CHINA ALLIANCE INTERNATIONAL HOLDINGS GROUP LIMITED	8,000,000	58.182
MR SANJAY LOYALKA	1,000,000	7.273
MR ARUN KUMAR JAGATRAMKA & MRS MONA JAGATRAMKA	1,000,000	7.273
MAHENDRA PAL	1,000,000	7.273
MEGAWILD ENTERPRISES PTY LTD <VEER POONAM POOJAN PROP A/C>	1,000,000	7.273
MR ANDY LAU	1,000,000	7.273
MR STEVE LEDGER	500,000	3.636
ZURICH SECURITIES PTY LTD	250,000	1.818
	13,750,000	**100.000**