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# SHREE MINERALS LIMITED

ACN 130 618 683

2017 ANNUAL REPORT

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SHREE MINERALS LTD

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## CORPORATE DIRECTORY

### **DIRECTORS**

Rajesh Bothra  
Sanjay Loyalka  
Andy Lau  
Amu Shah

### **COMPANY SECRETARY**

Sanjay Loyalka

### **REGISTERED OFFICE**

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[www.shreeminerals.com](http://www.shreeminerals.com)

### **AUDITORS**

Stantons International  
Level 2, 1 Walker Avenue  
West Perth WA 6005  
Ph: (08) 94813188  
Fax: (08) 9321 1204

### **SHARE REGISTRY**

Boardroom Pty Limited  
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225 George Street  
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Ph: +61 (02) 9290 9600  
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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 30<sup>th</sup> June 2017 and the auditor's 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 Rajesh Bothra, Non-Executive Chairman

Mr Sanjay Loyalka, Director & Company Secretary

Mr Andy Lau, Non-Executive Director

Mr Amu Shah, Non-Executive Director

### COMPANY SECRETARY

Mr Sanjay Loyalka

### PRINCIPAL ACTIVITIES

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

### OPERATING RESULTS

The net loss of the Company after providing for income tax amounted to \$1,143,767 (2016: \$1,152,604).

### DIVIDENDS PAID OR RECOMMENDED

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

### REVIEW OF OPERATIONS AND ACTIVITIES

Highlights:

- The estimated C1 costs (US\$ per DMT CFR North China) reduced in the current environment to approximately US\$ 54 (compared to US\$ 88 as at year end June 2014 & US\$ 63 at year end June 2015) for Company's Iron Ore products (Fines & Lump).
- Share Placement completed for approximately \$2.8 million.
- Frost advance of approximately \$1.65 million repaid to extinguish liability
- Two shipments of Iron Ore of approximately 50 thousand tonnes were made during the year for an approximate value of AUD\$ 2.6 million.
- NBR operations continue under care & maintenance
- Shree is working with the Tasmanian Government authorities to resolve the permit issues following the setting aside by the Court of the approval by EPA to allow a temporary PAF rock dump for DSO south pit.
- Environment monitoring as per approved plans being attended to
- Efforts to conserve cash continues in the current challenging environment
- Business Development opportunities being pursued

## DIRECTORS' REPORT

### Nelson Bay River Iron Ore Project ("NBR Project")

Iron Ore prices remain volatile while average price levels have improved during the year compared to previous year. Supply additions have slowed as no new projects have been committed globally in recent years and the markets continue the rebalancing process.

While the NBR project continues in care & maintenance in these very difficult and challenging times, the company has placed emphasis on steps to contain costs and preserve value, and continue to explore Business Development opportunities.

### Project Development

The development of Nelson Bay River (NBR) Iron Ore project involves three stages. The first stage is to develop a relatively shallow open cut mine to produce direct shipping grade ore. This direct shipping ore (DSO) only requires crushing and screening to produce the DSO products. During the financial year 2013-14, DSO stage 1 was commenced.

Stage two involves the continuation of mining of the DSO to the north. Here the DSO is composed of lower grade material, which is considered to have the potential to produce a commercial product by beneficiation (BFO).

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

### Resource & Reserves

Mineral Resources & Reserves Estimates, summarised by JORC classification are as follows:

#### The in situ DSO Mineral Resource Estimates, September 2015

Category	Tonnes	Fe %	Al <sub>2</sub> O <sub>3</sub> %	P ppm	S ppm	SiO <sub>2</sub> %	LOI %
Measured	300,000	57.6	1.3	947	362	9.2	6.4
Indicated	190,000	57.5	1.4	919	377	9.3	6.3
Inferred	150,000	57.3	1.2	945	421	10.0	6.2
<b>Total</b>	<b>640,000</b>	<b>57.5</b>	<b>1.3</b>	<b>938</b>	<b>380</b>	<b>9.4</b>	<b>6.4</b>

(Nominal 54% Fe cut off; average density 3t/m<sup>3</sup>; minor rounding errors)

#### BFO Resource Estimates 2012

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

(30% Fe cut off; average density 3t/m<sup>3</sup>; minor rounding errors)

"This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported."

## DIRECTORS' REPORT

### Skarn Dyke Global Iron Resource Estimates (Includes Magnetite Resource)

Category	M Tonnes	Iron %
Indicated	1.8	38.6
Inferred	9.5	35.9
<b>Total</b>	<b>11.3</b>	<b>36.3</b>

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

"This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported."

### Skarn Dyke Recoverable Magnetite Resource Estimates

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

*(20% DTR cut off; average density 3.71t/m<sup>3</sup>; fresh rock material; minor rounding errors)*

"This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported."

### Magnetite Resource Estimate Concentrate Grades

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

"This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported."

### The in situ DSO Ore Reserve Estimates for the Southern DSO pit, September 2015

Category	M tonnes	Fe %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	SiO <sub>2</sub> %	LOI %
Proved	0.27	56.5	1.4	0.091	0.035	8.7	6.5
Probable	0.19	56.5	1.5	0.092	0.036	8.8	6.5
<b>Total</b>	<b>0.46</b>	<b>56.5</b>	<b>1.4</b>	<b>0.091</b>	<b>0.035</b>	<b>8.7</b>	<b>6.5</b>

*(Minor rounding errors; cut off based on a nominal 54% Fe; default density of 3t/m<sup>3</sup>)*

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

## DIRECTORS' REPORT

The information in this report that relates to Ore Reserve Estimates for the Nelson Bay deposit is based on information evaluated by Mr Richard Beazley who is a Member of The Australasian Institute of Mining and Metallurgy and a Chartered Professional (MAusIMM CP(Min)) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Richard Beazley is the Principal of Altair Mining Consultancy Pty Ltd and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### Development & Production

As the project was under care & maintenance during the year there was no production or mine development activities. During the year, activities comprised of crushing & shipment of Iron Ore inventory. The mining and production figures are as per Table 1.

Table 1

		Year ended 30/06/2017	Year ended 30/06/2016
Waste Stripping	BCM	0	0
Ore Mining	Tonnes	0	0
Ore Crushing & screening	Tonnes	23,211	20,059
Sales	Tonnes	50,696	0

### Approvals

- As previously announced, the variation of the Environment permit in Nov'13 by EPA to allow a temporary PAF rock dump for DSO south pit was rendered invalid in a judicial review by Court in Dec'14. Our understanding is that the Court case (to which the Company was not a party) and decision thereof was on procedural legality relating to decision making of permit amendment rather than any environmental impact or issue. Shree in consultation with Tasmanian Government authorities has investigated various options including preparing a management plan for relocating the current PAF dump to within southern end of Southern DSO (SDSO) pit, making a new development application from the Circular Head Council for a Permit to construct a PAF Waste Rock Dump (WRD) within the SDSO pit boundaries and including the previously permitted WRD. In March 2016, the EPA advised that as the proposal is considered an integral aspect of the mine, Shree should apply for a new permit for the mine. Shree has during the year submitted an application and has received EPA Guidelines for the preparation of DPEMP. Consequently, the company is now progressing on the various technical studies for the preparation of DPEMP towards a new permit, which when granted, will replace the existing permit.

All government approvals (other than variation pertaining to temporary PAF rock permit for DSO south pit) for the project remain valid. These include the Mining Lease, Federal Government Environmental Approval and Tasmanian Government's Environment & Development permits (etc).

## DIRECTORS' REPORT

### Tenements

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

Mine Lease/ Exploration License	Locality	Remarks
3M/2011	Nelson Bay River	100% Shree Minerals Ltd

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

As the current focus is to conserve cash, the Board of the Company decided not to apply to extend the term of the following exploration licences which expired during the year :

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

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

NIL

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

NIL

### EXPLORATION

Consequent to the challenging Iron Ore Price environment, the Exploration activities have been curtailed to conserve the cash resources.

### OTHER TENEMENTS

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

### OUTLOOK

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

Steps have been taken to conserve the resources as well as reduce cash costs while having the necessary preparedness to respond to improving price cycle when it emanates. The Company believes the long term demand for the commodity remains robust due to growing urbanisation of the global population particularly in China.



## DIRECTORS' REPORT

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

### FINANCIAL POSITION

The net assets of the Company are \$2,020,794 (2016: \$1,541,340)

### AFTER BALANCE DATE EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any 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 pursue development & mining operations of these deposits.

### ENVIRONMENTAL REGULATIONS

The Company holds various exploration & mining licences to regulate its activities in the State of Tasmania, Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its activities. As far as the Directors are aware, there has been no known breach of the Company's licence conditions other than those disclosed in this report.

### DIRECTORS' INTERESTS

	ORDINARY SHARES	OPTIONS
	FULLY PAID	
Mr S Loyalka	26,474,078	0
Mr A Lau	0	0
Mr A Shah	4,884,230	0
Mr R Bothra	172,621,723	0
Total	<b>203,980,031</b>	<b>0</b>

### INFORMATION ON DIRECTORS

#### Mr Rajesh Bothra, Non-Executive Chairman

Director of Shree Minerals Ltd since June 2014

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

Directorship in other listed companies in last 3 years: N/A

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## DIRECTORS' REPORT

### **Mr Sanjay Loyalka, Director and Company Secretary, FAIM, MAICD, ACA, B Com (Hons)**

Director of Shree Minerals Ltd since April 2008

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

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

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

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

Directorship in other listed companies in last 3 years: N/A

### **Mr Andy Lau, Independent Non-Executive Director, MBA**

Director of Shree Minerals Ltd since Nov 2009

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

Mr Lau holds a MBA and graduate majoring in Computer Technology and held the certificates of MCSE, MCDBA, MCP, and CCNA. He worked for a number of large international companies in securities, venture capital, and high-tech industries.

Directorship in other listed companies in last 3 years: N/A

### **Mr Amu Shah, Non-Executive Director**

Director of Shree Minerals Ltd since March 2011

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

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

Mr Amu Shah has extensive international and local business experience.

Directorship in other listed companies in last 3 years: N/A

## **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 and 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:

## DIRECTORS' REPORT

- 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 executives 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. Currently, there is no such plan in practice for last 5 years.

### Details of remuneration

Key Management Personnel (KMP) comprises the executive and non- executive directors only during FY2017. The remuneration for Key Management Personnel of the Company during the year and the previous year was as follows:

2017

	Short-term Employee Benefits				Post-employment Benefits	Other Long-term Benefits	Share Based Payments	Total	% Performance Based
	Cash, salary, Directors Fees	Cash profit share, bonuses	Non-cash benefits	Allowances	Super-annuation				
Mr S Loyalka	292,237	0	0	0	27,763	0	0	320,000	0
Mr Andy Lau	30,000	0	0	0	0	0	0	30,000	0
Mr Rajesh Bothra	30,000	0	0	0	0	0	0	30,000	0
Mr Amu Shah	27,397	0	0	0	2,603	0	0	30,000	0
	379,634	0	0	0	30,366	0	0	410,000	0

NB: The remuneration report has been prepared on an accruals basis. To conserve cash resources of the company during the period the operations are under suspension, the key managerial personnel have voluntarily elected to take reduced drawings of their remuneration. Consequently, the total amount payable to directors for remuneration at 30 June 2017 amounted to \$715,000 (2016: \$ 470,000) for outstanding director remuneration.

## DIRECTORS' REPORT

2016	Short-term Employee Benefits				Post-employment Benefits	Other Long-term Benefits	Share Based Payments	Total	% Performance Based
	Cash, salary, Directors Fees	Cash profit share, bonuses	Non-cash benefits	Allowances	Super-annuation				
Mr S Loyalka	292,237	0	0	0	27,763	0	0	320,000	0
Mr Andy Lau	30,000	0	0	0	0	0	0	30,000	0
Mr Amu Shah	27,397	0	0	0	2,603	0	0	30,000	0
Mr Rajesh Bothra	30,000	0	0	0	0	0	0	30,000	0
	379,634	0	0	0	30,366	0	0	410,000	0

NB: For financial years ended June 2017 and 2016 the KMPs held the positions and dates of change in responsibilities as following:

Mr. Rajesh Bothra: Non-Executive Director, appointed as Non-Executive Chairman 27/7/2016

Mr. S Loyalka: Executive Chairman up to 27/7/2016. Continuing as Director & Company Secretary.

Mr. Andy Lau: Non-Executive Director

Mr. Amu Shah: Non-Executive Director

### Options, Performance shares & Shares issued as part of remuneration for the year ended 30 June 2017

There were no Options, Performance shares and Shares issued as part of remuneration for the year ended 30 June 2017. Please refer to Note 19 for further information.

### Shares Issued on Exercise of Compensation Options

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

### Number of Shares Held by Key Management Personnel

#### 30 June 2017

Key Management Person	Balance 1 July 2016	Received as Compensation	Options Exercised	Net Change Other	Balance on Resignation	Balance 30 June 2017
Mr Sanjay Loyalka	26,474,078	0	0	0	0	26,474,078
Mr Andy Lau	0	0	0	0	0	0
Mr Amu Shah	4,884,230	0	0	0	0	4,884,230
Mr Rajesh Bothra	30,437,500	0	0	142,184,223	0	172,621,723
	61,795,808	0	0	142,184,223	0	203,980,031

Consequent to a Share Placement completed in July 2016, the interest of Mr. Rajesh Bothra increased to 172,621,723 Shares.

## DIRECTORS' REPORT

### Number of Options Held by Key Management Personnel

**30 June 2017**

Key Management Person	Balance 30 June 2016	Granted as compensation	Options Exercised	Net Change Other	Balance 30 June 2017	Total Vested 30 June 2017	Total Exercisable 30 June 2017	Total Unexercisable 30 June 2017
Mr Sanjay Loyalka	0	0	0	0	0	0	0	0
Mr Amu Shah	0	0	0	0	0	0	0	0
Mr Andy Lau	0	0	0	0	0	0	0	0
Mr Rajesh Bothra	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0

### Number of Share Performance Rights Held by Key Management Personnel

**30 June 2017**

Key Management Person	Balance 30 June 2016	Granted as compensation	Net Change Other	Balance 30 June 2017	Total Vested 30 June 2017	Total Exercisable 30 June 2017	Total Unexercisable 30 June 2017
Mr Sanjay Loyalka	0	0	0	0	0	0	0
Mr Amu Shah	0	0	0	0	0	0	0
Mr Andy Lau	0	0	0	0	0	0	0
Mr Rajesh Bothra	0	0	0	0	0	0	0
	0	0	0	0	0	0	0

#### EMPLOYMENT CONTRACTS OF DIRECTORS AND SENIOR EXECUTIVES

The employment arrangements for Rajesh Bothra are as follows:

- Term: to retire by rotation at least once every 3 years.
- Remuneration: comprising Fees of \$30,000 per annum (not subject to GST).
- Termination: Mr. Bothra may resign from the office by notice in writing to the Company. He may also cease to be a director if any of the disqualifying events prescribed in the Constitution occur. In addition, Mr. Bothra's appointment is subject to re-election by shareholders at least every 3 years

The employment arrangements for Sanjay Loyalka are as follows:

- Term: of five-year tenure that commenced in May 2013.
- Remuneration: comprising salary and superannuation totalling \$320,000 per annum.
- Termination: Mr. Loyalka may resign from the office by notice in writing to the Company. He may also cease to be a director if any of the disqualifying events prescribed in the Constitution occur.

The employment arrangements for Amu Shah are as follows:

- Term: to retire by rotation at least once every 3 years.
- Remuneration: comprising salary and superannuation totalling \$30,000 per annum.

## DIRECTORS' REPORT

- Termination: Mr. Shah may resign from the office by notice in writing to the Company. He may also cease to be a director if any of the disqualifying events prescribed in the Constitution occur. In addition, Mr. Shah's appointment is subject to re-election by shareholders at least every 3 years.

The employment arrangements for Andy Lau are as follows:

- Term: to retire by rotation at least once every 3 years.
- Remuneration: comprising Fees of \$30,000 per annum (not subject to GST).
- Termination: Mr. Lau may resign from the office by notice in writing to the Company. He may also cease to be a director if any of the disqualifying events prescribed in the Constitution occur. In addition, Mr. Lau's appointment is subject to re-election by shareholders at least every 3 years.

The changes to remuneration of Directors over the years are Board approved & there is no formal agreement between the Company & Directors in this regard.

### END OF REMUNERATION REPORT

#### Meetings of Directors

During the financial year, 3 formal meetings of Directors (including committees of directors) were held. Attendances by each Director during the year were as follows:

Director	Board Meetings	
	Meetings attended	Meetings held whilst in office
Sanjay Loyalka	3	3
Andy Lau	3	3
Amu Shah	1	3
Rajesh Bothra	2	3

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

#### Indemnifying Officers or Auditor

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

#### Options

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

#### Proceedings on Behalf of Company

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

The Company is not a party to any other proceedings as at date of this report.

#### Non-audit Services

There was no non-audit services provided by the external auditors during the year.

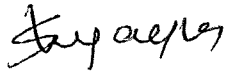
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## DIRECTORS' REPORT

### **Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 15 of annual report.

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



Sanjay Loyalka  
**Director**

Signed in Perth the 20<sup>th</sup> day of September 2017.



20 September 2017

Board of Directors  
Shree Minerals Limited  
Unit 38  
18 Stirling Highway  
NEDLANDS WA 6009

Dear Directors

**RE: SHREE MINERALS LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Shree Minerals Limited.

As Audit Director for the audit of the financial statements of Shree Minerals Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Samir Tirodkar**  
Director

West Perth, Western Australia

## SHREE MINERALS LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017

	Note	30-Jun-17 \$	30-Jun-16 \$
<b>Revenue from continuing operations</b>			
Sales Income	3	2,631,622	0
Interest		36,266	38,600
Other Income		46,358	0
Reversal of derivative financial liability		0	352,596
<b>Expenses from continuing operations</b>			
Cost of sales including care and maintenance		(3,146,506)	(365,703)
Impairment of inventory	7A	0	(693,599)
Finance charges		(20,596)	(14,128)
Employee and consulting fees		(448,487)	(458,786)
Regulatory costs		(16,527)	(16,072)
Occupancy and communication		(24,888)	(32,845)
Foreign exchange gain / (loss)		49,868	(100,694)
Accounting and legal fees		(38,948)	(48,180)
Impairment of exploration tenements		(121,330)	(179,941)
Provision for doubtful debt		0	47,824
Other expenses		(90,599)	(30,104)
<b>Loss before income tax</b>		<u>(1,143,767)</u>	<u>(1,501,032)</u>
Income tax benefit	4b	0	348,428
<b>Loss for the year</b>		<u>(1,143,767)</u>	<u>(1,152,604)</u>
Other comprehensive income		0	0
<b>Comprehensive loss for the year</b>		<u>(1,143,767)</u>	<u>(1,152,604)</u>
Earnings per share (loss) attributable to ordinary equity holders of the company:			
Basic & diluted (loss) cents per share	5	(0.40)	(0.81)

The accompanying notes form part of these financial statements.

SHREE MINERALS LTD  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017

	Note	30-Jun-17 \$	30-Jun-16 \$
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents	6	1,550,484	1,405,004
Receivables	7	47,816	184,931
Inventory	7A	255,630	1,264,347
<b>Total Current Assets</b>		<u>1,853,930</u>	<u>2,854,282</u>
<i>Non-Current Assets</i>			
Exploration and evaluation	9	0	121,330
Mine Development	9A	1,583,647	1,583,647
Other Assets	6A	857,700	865,590
Plant and equipment	8	33,430	46,198
<b>Total Non-Current Assets</b>		<u>2,474,777</u>	<u>2,616,765</u>
<b>Total Assets</b>		<u>4,328,707</u>	<u>5,471,047</u>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Trade and other payables	10	786,355	2,369,548
Borrowings		0	3,542
Provisions		9,212	18,180
<b>Total Current Liabilities</b>		<u>795,567</u>	<u>2,391,270</u>
<i>Non-Current Liabilities</i>			
Rehabilitation Provision	10B	1,499,300	1,499,300
Other Payables	10A	13,046	39,137
<b>Total Non-Current Liabilities</b>		<u>1,512,346</u>	<u>1,538,437</u>
<b>Total Liabilities</b>		<u>2,307,913</u>	<u>3,929,707</u>
<b>Net Assets</b>		<u>2,020,794</u>	<u>1,541,340</u>
<b>Equity</b>			
Contributed equity	11	17,897,567	15,063,424
Share applications		0	1,210,922
Reserves		284,587	284,587
Retained profits (losses)	12	(16,161,360)	(15,017,593)
<b>Total Equity</b>		<u>2,020,794</u>	<u>1,541,340</u>

The accompanying notes form part of these financial statements.

SHREE MINERALS LTD

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Issued Capital \$	Share Applications \$	Retained Losses \$	Share based option reserve \$	Total \$
BALANCE AT 1 JULY 2015		15,094,311	0	(13,864,989)	284,587	1,513,909
Total comprehensive loss for the year		0	0	(1,152,604)	0	(1,152,604)
Shares issued during the year		0	0	0	0	0
Share Applications		0	1,210,922	0	0	1,210,922
Capital raising costs		(30,887)	0	0	0	(30,887)
<b>BALANCE AT 30 JUNE 2016</b>		<b>15,063,424</b>	<b>1,210,922</b>	<b>(15,017,593)</b>	<b>284,587</b>	<b>1,541,340</b>
BALANCE AT 1 JULY 2016		15,063,424	1,210,922	(15,017,593)	284,587	1,541,340
Total comprehensive loss for the year		0	0	(1,143,767)	0	(1,143,767)
Shares issued during the year		2,843,683	(1,210,922)	0	0	1,632,761
Capital raising costs		(9,540)	0	0	0	(9,540)
<b>BALANCE AT 30 JUNE 2017</b>		<b>17,897,567</b>	<b>0</b>	<b>(16,161,360)</b>	<b>284,587</b>	<b>2,020,794</b>

The accompanying notes form part of these financial statements.

SHREE MINERALS LTD  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017

	Note	30-Jun-17 \$	30-Jun-16 \$
<b>Cash flows from operating activities</b>			
Sales receipts		2,679,446	(48,345)
Payments to suppliers and employees (inclusive of GST)		(2,552,367)	(1,199,645)
Interest received		34,710	40,621
Research and Development tax concession		0	348,428
Other Income		46,357	0
<b>Net cash inflow /(outflow) from operating activities</b>	15	<u>208,146</u>	<u>(858,941)</u>
<b>Cash flows from investing activities</b>			
Payment for plant and equipment		(32,201)	(6,185)
Payment for mineral exploration		0	(4,323)
Payment for mine development		0	0
<b>Net cash outflow from investing activities</b>		<u>(32,201)</u>	<u>(10,508)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		1,632,761	0
Share applications		0	1,210,922
Payments for share issue costs		(9,540)	(30,887)
Repayment of Borrowings		(1,653,686)	(11,580)
<b>Net cash inflow /(outflow) from financing activities</b>		<u>(30,465)</u>	<u>1,168,455</u>
<b>Net increase in cash and cash equivalents</b>		145,480	299,006
Cash and cash equivalents at the beginning of the financial year		<u>1,405,004</u>	<u>1,105,998</u>
<b>Cash and cash equivalents at the end of the financial year</b>		<u>1,550,484</u>	<u>1,405,004</u>
<b>Cash and cash equivalents at the end of the financial year</b>			
Cash at bank and in hand		<u>1,550,484</u>	<u>1,405,004</u>
<b>Cash and cash equivalents at the end of the financial year</b>		<u>1,550,484</u>	<u>1,405,004</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Statement of Compliance**

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

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

Accounting standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes thereto comply with International Financial Reporting Standards ("IFRS"). Shree Minerals Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report is presented in Australian currency.

**Basis of Preparation**

**Historical cost convention**

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.

**Going concern**

These financial statements have been prepared on a going concern basis and, as a result, the financial report for the year ended 30 June 2017 does not include any adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Significant efforts have been made to preserve cash and reduce costs and secure additional finance, however material uncertainties over the future cash flows exist.

The Company continues to engage with its stakeholders and continues to monitor opportunities from interested investors to raise additional equity for the business. In addition, the Company continues to focus efforts on improving liquidity through:

- the implementation of further cost improvement initiatives;
- continuation of voluntary payroll reductions ;and
- Re-commencement of operations as per Iron Ore Price environment.
- Raising share capital or debt as and when required.

The Company also carefully manages discretionary expenditure in line with the Company's cash flow.

The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

The significant accounting policies set out below have been applied in the preparation and presentation of the financial report for the year ended 30 June 2017 and comparative information.

**New and amended standards adopted by the Company for these financial statements**

A number of new or amended standards became applicable for the current reporting period, however, the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

**a. Income Tax**

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

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

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

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

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

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

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

R&D tax credits are accounted for when received.

**b. Property, Plant and Equipment**

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

*Plant and equipment*

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed by directors first when indicators of impairment exist and thereafter annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the

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SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

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

*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	20%
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 profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**c. Exploration, Evaluation and Development Expenditure**

**Exploration and evaluation costs**

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

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

When production commences, the accumulated costs for the relevant area of interest are transferred to Mine Development and amortised over the life of the area according to the rate of depletion of the economically recoverable resources (refer to Mine Development below).

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



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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

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

**d. Mine Development**

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

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

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

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

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

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

**e. Leases**

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed

## SHREE MINERALS LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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.

#### **f. Financial Instruments**

##### *Recognition and Initial Measurement*

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

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

##### *Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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

**g. Impairment of Non-Financial Assets**

At each reporting date, the Company 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**h. Interests in Joint Operations**

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

**i. Employee Benefits**

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

*Equity-settled compensation*

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

**j. Provisions**

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

**k. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet

**l. Revenue**

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

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

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

**Iron Ore Sales**

Contract terms for the Company's sale of Iron Ore allow for a price adjustment based on final assay results of the ore for Fe content and other trace elements at the discharge port to determine the final content. Recognition of sales revenue for these commodities is based on the most recently determined estimate of Fe

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

content and other trace elements (based on load port assay results) and the spot price at the date of shipment, with a subsequent adjustment made upon final determination.

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

**m. Inventories**

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

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

**n. Goods and Services Tax ("GST")**

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

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

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

**o. Comparative Figures**

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

**p. Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

*Key Judgements – Ore reserve and resource estimates*

The Company estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC Code). These are taken into account in the calculation of depreciation, amortisation, impairment, deferred mining costs, rehabilitation and environmental expenditure.

In estimating the remaining life of the mine for the purposes of amortisation and depreciation calculations, due regard is given, not only to remaining recoverable ore contained in reserves and resources, but also to limitations which could arise from the potential for changes in technology, demand, and other issues which are inherently difficult to estimate over a lengthy time frame.

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

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

*Key Judgements – Units-of-production depreciation*

Estimated recoverable ore over the remaining life of the mine are used in determining the depreciation and / or amortisation of mine specific assets. This results in a depreciation / amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable ore over the remaining life of the mine of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable ore over the remaining life of the mine and estimates of future capital expenditure.

*Key Judgements – Inventories*

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

*Key Judgements – Deferred exploration and evaluation expenditure*

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(c). The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

*Key Judgements – Mine Development expenditure*

Mine Development expenditure are carried forward in respect of each identifiable area of interest where a mineable resource has been established and published as per JORC guidelines and has reached a stage that

NOTES TO THE FINANCIAL STATEMENTS  
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permits reasonable assessment that necessary steps to commence a mining development for that area have been commenced. Refer to the accounting policy stated in note 1(d). The net carrying value of each area of interest is reviewed using long term commodity price forecasts from within the range of forecasts by Industry analysts as per note 1(d).

*Key Judgements Impairment of Property, Plant and Equipment*

The Company assesses each asset at the end of each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and Value In Use (VIU).

*Future cash flows*

VIU calculation use pre-tax free cash flows based on projections approved by the Company. The key operating assumptions and their basis of estimation are:

- Future production based on latest mine plan available
- Commodity price forecast derived from public available information and a range of external global commodity forecasters; and
- Future cost of production and future capital expenditure

*Discount rate*

The discount rate applied to the cash flow projections has been assessed to reflect the time value of money and the perceived risk profile of the industry. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets.

*Key Judgements Rehabilitation Provision*

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment.

The Company makes a provision for restoration, rehabilitation and environmental costs as soon as the obligation arises. Cost estimates at the start of each project / stage are capitalised and charged to the income statement over the life of the project through depreciation and amortisation of the asset.

Costs are estimated using either the work of external consultants or internal experts. Management uses its judgement and experience to provide for these estimated costs at higher of the estimated costs or the security for rehabilitation costs provided to the Government authorities.

Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate costs incurred. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes etc. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

**q. Operating segments**

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

**r. Accounting standards not yet effective**

Refer to note 20 for accounting standards not yet effective.

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 2: KEY MANAGEMENT PERSONNEL COMPENSATION**

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report. Total amount payable was as following:

	2017	2016
	\$	\$
Short term employee benefits		
Salaries including bonuses & fees	379,634	379,634
<b>Total short term employee benefits</b>	<b>379,634</b>	<b>379,634</b>
Long service leave	0	0
<b>Total other long-term benefits</b>	<b>0</b>	<b>0</b>
Superannuation	30,366	30,366
<b>Total post-employment benefits</b>	<b>30,366</b>	<b>30,366</b>
<b>Total remuneration</b>	<b>410,000</b>	<b>410,000</b>

The remuneration report has been prepared on an accruals basis. To conserve cash resources of the company during the period the operations are under suspension, have voluntarily elected to take reduced drawings of their remuneration. Consequently, the total payment made during the year ended 30 June 2016 and 30 June 2017 was \$127,500 and \$165,000 respectively and the amount payable to directors for remuneration at 30 June 2017 amounted to \$715,000 for outstanding director remuneration.

**NOTE 3: SALES INCOME**

Sales during the financial year ended 30/6/2017 was \$ 2,631,622 (2016: NIL).

**NOTE 3A: EXPENSES INCLUDED IN INCOME STATEMENT**

	30-June-17	30-June-16
	\$	\$
Depreciation of plant and equipment & amortisation	44,969	879
Employee benefit expenses	94,718	60,250
Operating lease rental expenses	22,800	28,982



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 3B: AUDITOR'S REMUNERATION**

	30 June 2017	30 June 2016
	\$	\$
Remuneration paid or payable of the auditor for:		
– Auditing or reviewing the financial report- Stantons International	18,000	20,055
– Auditing or reviewing the financial report <i>of prior period, as per accruals</i> - Grant Thornton	0	18,489
	<u>18,000</u>	<u>38,544</u>

**NOTE 3C: REVERSAL OF DERIVATIVE FINANCIAL LIABILITY**

	30 June 2017	30 June 2016
	\$	\$
Reversal of provision for deemed derivative liability	0	352,596

**NOTE 4: INCOME TAX**

	30 June 2017	30 June 2016
	\$	\$
<b>a. Income tax expense</b>		
Current tax (R&D offset)	0	(348,428)
Deferred tax	<u>0</u>	<u>0</u>
	<u>0</u>	<u>(348,428)</u>
Deferred income tax expense included in income tax expense comprises:		
(Increase) / decrease in deferred tax assets	38,912	(112,089)
Increase / (decrease) in deferred tax liabilities	<u>(38,912)</u>	<u>112,089</u>
	<u>0</u>	<u>0</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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

	30 June 2017	30 June 2016
The prima facie tax payable on loss 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 27.5% (2016 :30%)	(314,536)	(450,310)
Add / (Less)		
Tax effect of:		
Non-deductible expenses	268	335
Deferred tax asset not brought to account	314,268	449,975
Research & Development Offset	0	(348,428)
Income tax attributable to operating loss	0	(348,428)

The applicable weighted average effective tax rates are as follows: 0 0

Balance of franking account at year end 0 0

**c. Deferred tax assets**

Provisions	1,478,481	1,494,627
Other	32,420	55,186
Set-off deferred tax liabilities	(1,510,901)	(1,549,814)
Net deferred tax assets	0	0

**d. Deferred tax liabilities**

Exploration expenditure	0	36,399
Mine development costs	1,510,901	1,513,415
Set-off deferred tax assets	(1,510,901)	(1,549,814)
Net deferred tax liabilities	0	0

**e. Deferred Tax Assets**

Provisions (balance of DTA)	625,522	879,830
Tax Effect of Tax losses - offset to DTA.	0	0
Tax Effect of Unused tax losses for which no deferred tax asset has been recognised	3,102,762	2,735,910
Total	3,728,284	3,615,740

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 5: EARNINGS PER SHARE**

	<b>30 June 2017</b>	<b>30 June 2016</b>
	\$	\$
a. Earnings used to calculate basic EPS	(1,143,767)	(1,152,604)
	<b>Number of Shares</b>	<b>Number of Shares</b>
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	284,368,446	142,184,223

Options totalling NIL (2016: NIL) and Share Performance Rights totalling NIL (2016: NIL) are anti – dilutive and not included in the calculation of diluted earnings per share.

**NOTE 6: CASH AND CASH EQUIVALENTS**

	<b>30 June 2017</b>	<b>30 June 2016</b>
	\$	\$
Cash at bank and in hand	1,550,484	1,405,004

**NOTE 6A: OTHER ASSETS**

	<b>30 June 2017</b>	<b>30 June 2016</b>
	\$	\$
Cash deposits supporting Guarantees for Rehabilitation Bonds	857,700	865,590

**NOTE 7: RECEIVABLES**

	<b>30 June 2017</b>	<b>30 June 2016</b>
	\$	\$
Interest receivable	21,916	20,360
Prepayments	16,573	28,657
Other receivables	1,144	61,356
GST and ABN withholding tax receivables	8,183	74,558
	47,816	184,931

NB: At the reporting date, none of the trade and other receivables were past due or impaired.

SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 7A: INVENTORIES**

	30 June 2017	30 June 2016
	\$	\$
Iron ore (crushed & uncrushed) at lower of cost & net realisable value	255,630	3,315,988
Impairment FY2014 (diminution in value at net realisable value)		(608,726)
Impairment FY2015 (diminution in value at net realisable value)		(749,316)
Impairment FY2016 (diminution in value at net realisable value)		(693,599)
Iron ore (crushed & uncrushed) at lower of cost & net realisable value	255,630	1,264,347

Inventory comprises iron ore stocks of 27,470 tonnes of uncrushed ROM stocks and 15,007 of crushed ore. The accounting policy in this regard is Crushed Ore at site & port and run of mine ore stockpiles are physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price (in the ordinary course of business assuming sales are made at the end of the reporting period such that applicable price for the next month to coincide with time it reaches customer's discharge port), less estimated costs of completion and costs of selling final product less impairment. Cost is determined using the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods.

**NOTE 8: PLANT & EQUIPMENT**

**a. Movements in Carrying Amounts**

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

	Plant & Equipment	Motor Vehicles	Total
	\$	\$	\$
Opening balance at 1 July 2015	37,325	3,567	40,892
Additions	6,185	0	6,185
Disposals	0	0	0
Depreciation	(879)	0	(879)
<b>Balance at 30 June 2016</b>	<b>42,631</b>	<b>3,567</b>	<b>46,198</b>
At Cost	351,675	30,067	381,742
Accumulated depreciation/impairment Losses	(309,044)	(26,500)	(335,544)
<b>Balance at 30 June 2016</b>	<b>42,631</b>	<b>3,567</b>	<b>46,198</b>
Additions	32,201	0	32,201
Disposals	0	0	0
Depreciation	(41,402)	(3,567)	(44,969)
<b>Balance at 30 June 2017</b>	<b>33,430</b>	<b>0</b>	<b>33,430</b>
At Cost	383,876	30,067	413,943
Accumulated depreciation/impairment Losses	(350,446)	(30,067)	(380,513)
<b>Balance at 30 June 2017</b>	<b>33,430</b>	<b>0</b>	<b>33,430</b>

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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 9: EXPLORATION EXPENDITURE**

	30 June 2017	30 June 2016
	\$	\$
Exploration and evaluation phase expenditure capitalised	0	121,330
<b>Movements</b>		
Opening balance	121,330	296,947
Exploration capitalised	0	4,324
Impairment / relinquishment	(121,330)	(179,941)
Balance	0	121,330

The value of the Company's 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 recouplement 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.

During the year the directors impaired the capitalised exploration and evaluation expenditure by \$121,330 to \$ NIL as the areas of interest were relinquished.

**NOTE 9A: MINE DEVELOPMENT**

	30-Jun-17	30-Jun-16
	\$	\$
<i>Opening Balance</i>	1,583,647	1,583,647
Mine Development Costs	0	0
Deferred Mine Waste	0	0
Amortisation – Mine Development	0	0
Provision for Impairment	0	0
Transferred from Exploration	0	0
	1,583,647	1,583,647

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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 10: TRADE AND OTHER PAYABLES**

	30 June 2017	30 June 2016
	\$	\$
<i>Current</i>		
Trade creditors	17,779	168,409
Other creditors & accruals	53,576	80,995
Voluntary deferred employee payments (i)	715,000	470,000
Advance (ii)	0	1, 650,144
	786,355	2, 369,548

Note (i): To conserve cash resources of the Company during the period the operations are under suspension, the directors have voluntarily elected to take reduced drawings of their remuneration and the balance is deferred till the cash flow situation of the company improves. Consequently, as at 30 June 2017, the amount of \$715,000 remains outstanding for remuneration.

Note (ii): Advance received from Singapore based, Frost Global Pte Ltd ("Frost Global") has been repaid during the year.

**NOTE 10A: TRADE AND OTHER PAYABLES**

	30 June 2017	30 June 2016
	\$	\$
<i>Non-Current</i>		
Other payables (i)	13,046	39,137
	13,046	39,137

- (i) Tasmanian Government has by a deed, deferred royalties for the period of two years from first production to be repaid in 12 equal quarterly instalments beginning 28 Feb 2016. The instalments which are due after 12 months from the date of this report are shown as non-current.

**NOTE 10B: REHABILITATION PROVISION**

	30 June 2017	30 June 2016
	\$	\$
Opening Balance	1,499,300	1,499,300
Arising during the year	0	0
Write back of unused provisions	0	0
Unwinding of Discount	0	0
Utilisation	0	0
Closing Balance	1,499,300	1,499,300

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**NOTE 11: CONTRIBUTED EQUITY**

	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
284,368,446 (2016: 142,184,223) Fully paid ordinary shares	17,897,567	15,063,424

The Company has issued Shares amounting to 284,368,446 (2016: 142,184,223) with no par value as at 30/06/2017.

Share Placement completed in early July 2016 for \$2.8 million by issue of 142,184,223 shares to increase total number of shares to 284,368,446 (as per approval in Shareholders meeting on 16<sup>th</sup> June 2016).

**Movements**

Opening balance	15,063,424	15,094,311
Shares issued	2,843,683	0
Capital raising costs	(9,540)	(30,887)
Closing balance	17,897,567	15,063,424

**Share Application**

(funds received for shares not yet allotted – allotted & issued after balance sheet date in July 2016)	0	1,210,922

**(a) Ordinary Shares**

	<b>Number of Shares</b>	<b>Number of Shares</b>
At the beginning of the reporting year	142,184,223	142,184,223
Shares issued during the year	142,184,223	0
At reporting date (on 30 <sup>th</sup> June)	284,368,446	142,184,223

**(b) Options**

	<b>Number of Options</b>	<b>Number of Options</b>
	<b>30 June 2017</b>	<b>30 June 2016</b>
Opening balance	0	0
Expired during the year	0	0
Closing balance	0	0

**(c) Share Performance Rights ("SPR")**

	<b>Number of SPR</b>	<b>Number of SPR</b>
	<b>30 June 2017</b>	<b>30 June 2016</b>
Opening balance	0	869,111
Vested/ Shares issued	0	0
Expired during the year	0	(869,111)
Closing balance	0	0

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NOTES TO THE FINANCIAL STATEMENTS  
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(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 2017 and 30 June 2016 are as follows:

	30 June 2017	30 June 2016
	\$	\$
Cash and cash equivalents	1,550,484	1,405,004
Trade and other receivables	47,816	184,931
Inventories	255,630	1,264,347
Trade and other payables and provisions	(795,567)	(2,391,270)
<b>Working capital position</b>	<b>1,058,363</b>	<b>463,012</b>

**NOTE 12: ACCUMULATED LOSSES AND RESERVES**

	30 June 2017	30 June 2016
	\$	\$
<b>a. Accumulated Losses</b>		
At the beginning of the year	(15,017,593)	(13,864,989)
Net loss for the year	(1,143,767)	(1,152,604)
At reporting date	<b>(16,161,360)</b>	<b>(15,017,593)</b>

**b. Option Reserve**

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

During the year nil (2016: nil) options and nil (2016: nil) Share Performance Rights were issued.

**NOTE 13: COMMITMENTS**

	30 June 2017	30 June 2016
	\$	\$
a. The Company has tenements rental and expenditure commitments of:		
Payable:		
– not later than 12 months	0	10,000
– between 12 months and 5 years	0	0
– greater than 5 years	0	0



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NOTES TO THE FINANCIAL STATEMENTS  
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- b. The Company has other rental and expenditure commitments of \$10,200 within the next 12 months, NIL between 12 months and 5 years and NIL beyond 5 years. This pertains to office lease. The rental expenditure incurred during the year was \$22,800 ( 2016: \$ 28,982)

**NOTE 14: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Directors are not aware of any other contingent liabilities or contingent assets other than mentioned elsewhere in the financial report.

**NOTE 15: CASH FLOW INFORMATION**

	30-Jun-17	30-Jun-16
	\$	\$
<b>(a) Reconciliation of Cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at Bank and in Hand	1,550,484	1,405,004
<b>(b) Reconciliation of Cash Flow from Operations with Operating Loss after Income Tax</b>		
Operating loss after income tax	(1,143,767)	(1,152,604)
Non-cash flows:		
Tenement impairment/relinquishment	121,330	179,941
Depreciation and amortisation	44,969	879
Provision for doubtful debt	0	(47,824)
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade , other receivables & prepayments	145,006	107,930
(Increase)/decrease in inventory	1,008,717	55,159
Increase/(decrease) in liabilities	31,891	(2,422)
<i>Net Inflow/ (outflow) from operations</i>	208,146	(858,941)

During the year , there were no non-cash financing activities.

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**NOTE 16: RELATED PARTY TRANSACTIONS**

There are no related party transactions except for remuneration payments to employees in normal course of business. Rashmi Loyalka, Chartered Accountant is wife of Director Sanjay Loyalka, is employed on a part time basis as Manager Finance & Commercial and is paid remuneration at arm's length in the capacity of suitably qualified employee of \$32,850 (2016 : \$18,250).

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.

**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 2017, if interest rates had changed by +/- 25 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 \$5,204 lower/higher (2016 \$2,517 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.

*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 Statement of financial position 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.

SHREE MINERALS LTD

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**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 at the balance date are recorded at amounts approximating their carrying amount.

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						2017	2016
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Cash	58,931	185,410	1,266,826	57,979	0	0	224,727	1,161,615	1,550,484	1,405,004	1.97%	0.24%
Other Assets (Security Deposits)	0	0	754,000	761,200	0	0	103,700	104,390	857,700	865,590	2.52%	2.27%
Trade and other receivables	0	0	0	0	0	0	31,243	156,274	31,243	156,274	N/A	N/A
<b>Total Financial Assets</b>	<b>58,931</b>	<b>185,410</b>	<b>2,020,826</b>	<b>819,179</b>	<b>0</b>	<b>0</b>	<b>359,670</b>	<b>1,422,279</b>	<b>2,439,427</b>	<b>2,426,868</b>		
Financial Liabilities												
Trade and other payables	0	0	0	0	0	0	799,400	2,408,685	799,400	2,408,685	N/A	N/A
<b>Total Financial Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>799,400</b>	<b>2,408,685</b>	<b>799,400</b>	<b>2,408,685</b>		

**NOTE 18: OPERATING SEGMENTS**

The Company operates predominately in one segment involved in mineral exploration & development. Geographically, the 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 Profit or Loss and other Comprehensive Income and the Statement of Financial Position reflects the sole operating segment.

**NOTE 19: SHARE-BASED PAYMENTS**

No share based payments were made in either the current financial year or the prior financial year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 20: ACCOUNTING STANDARDS NOT YET EFFECTIVE**

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Company's financial instruments.

- *AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

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SHREE MINERALS LTD

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Company's revenue recognition and disclosures.

- *AASB 16: Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

The directors anticipate that the adoption of AASB 16 will not have a material impact on the Company's recognition of leases and disclosures.

- *Other standards not yet applicable*

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

## 21: AFTER BALANCE SHEET DATE EVENTS

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.

## NOTE 22: COMPANY DETAILS

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

Unit 38, 18 Stirling Highway

Nedlands

WA 6009

Ph: (08) 61507565 Fax: (08) 93891199

SHREE MINERALS LTD

DIRECTORS' DECLARATION

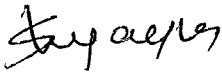
1. in the opinion of the directors of Shree Minerals Limited ('the Company'):

- (a) The financial statements and notes as set out on pages 16 to 43 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 2017 and of its performance, as represented by the results of its operations and its 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 2017, comply with section 300A of the Corporations Act 2001.
- (c) Having regard to matters as set forth in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

2. The directors have been given the declarations required by Section 295A of the Corporations Act from the chief executive officer and chief financial officer for the financial year ended 30 June 2017.

Dated at Unit 38, 18 Stirling Highway, Nedlands, WA 6009 this 20<sup>th</sup> day of September 2017.

Signed in accordance with a resolution of the directors:



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Sanjay Loyalka

Director

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

**Report on the Audit of the Financial Report**

**Our Opinion**

We have audited the financial report of Shree Minerals Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
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**Carrying Value of Mine Development Assets**

As at 30 June 2017, the carrying value of the Company's mine development costs was \$1,583,647 as disclosed in note 9A.

Under the Company's accounting policy in Note 1(d), mine development expenditure incurred in respect of a project in which mining has commenced or in the process of commencing is carried forward and amortised using a unit of production basis which results in a write off of the cost proportional to the depletion of the proven and probable mineral reserves.

The company's mining operations have been put under care and maintenance and therefore, there was no production in the year and in the corresponding financial year. As a result, no amortisation has been charged in the year.

The capitalised mine development expenditure is a key audit matter due to the following:

- As the carrying value of the Mine Development Assets represents a significant asset of the Company, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount;
- There is inherent subjectivity that is involved in the management making judgements in relation to the evaluation for any impairment indicators.

Our audit procedures included, amongst others, the following:

- i. evaluating management's assessment of each impairment trigger per AASB 136 Impairment of Assets
- ii. evaluating the Company's accounting policy to recognise Mine Development Assets to the criteria in the accounting standard;
- iii. enquiring that management had the intention to continue with mining activities. We also assessed management's cash-flow forecast models to assess the projected viability of the mine;
- iv. we reviewed relevant Company's documents for consistency with the intentions for continuing mining activities at its mine site. The company's documents reviewed included:
  - minutes of the board and management;
  - Announcements made by the Company to the Australian Securities Exchange
  - Board papers prepared for discussion by the Board.
- v. We obtained and reviewed the directors' assessment of the carrying value of the Mine Development assets, and compared this for consistency with the areas of interest.

We have also assessed the adequacy of the related disclosure in 9A to the financial statements.

**Rehabilitation Provision**

The Company has a rehabilitation provision of \$1,499,300 as at 30 June 2017 as disclosed in Note 10(B). The Company has obligations to restore the land on which it has conducted mining activities at the Nelson Bay River Iron Ore Mine. The provision is for the expected future costs associated with the rehabilitation activities. There has been no movement in the provision for rehabilitation in the current year.

The rehabilitation provision was a key audit matter due to the significant judgement involved in estimating costs which are planned to be incurred in future years and the related timing of incurring

Our audit procedures included, amongst others, the following:

- i. we considered the procedures employed by the Company for the calculation of the rehabilitation provision in prior year;
- ii. obtained and reviewed the Mine Closure Plan and compared the projected costs to the provision for rehabilitation;
- iii. we checked the mathematical accuracy of management's calculations and assessed the appropriateness of the estimates used.



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those costs.

- iv. we reviewed the Mining Lease Agreement between the Company and the Mineral Resources Tasmania (MRT) to check that the MRT requirements have been considered in making the provision for rehabilitation.
- v. we held discussions with management regarding management's assessment of the provision for rehabilitation, assumptions used and future rehabilitation plans.

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### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors 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 determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. 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 entity'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 entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 9 to 13 of the directors' report for the year ended 30 June 2017. 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.

#### ***Opinion on the Remuneration Report***

In our opinion, the Remuneration Report of Shree Minerals Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International*

*Samir*

**Samir Tirodkar**

Director  
West Perth, Western Australia  
20 September 2017

## SHREE MINERALS LTD

### SHAREHOLDER INFORMATION

#### ADDITIONAL INFORMATION

The following additional information not shown elsewhere in the report is required by the Australian Securities Exchange Ltd in respect of listed public companies only. This information is current as at 13<sup>th</sup> September 2017.

#### SUBSTANTIAL SHAREHOLDERS

The company has received substantial shareholder notices from;

- Mr Sanjay Loyalka (26,474,078 ordinary shares)
- Oceania Coal Resources NL (15,000,000 ordinary shares)
- China Alliance International Holdings Group (23,223,632 ordinary shares)
- RB Investments Pte Ltd (172,621,723 shares)

#### ISSUED SECURITIES

Refer note 11 of the financial statements.

#### VOTING RIGHTS

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

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

#### DISTRIBUTION SCHEDULE – SHAREHOLDINGS AS AT 13<sup>th</sup> SEPTEMBER 2017

##### Security Classes

Fully Paid Ordinary Shares

Holdings Ranges	Holders	Total Units	%
1-1,000	7	1,109	0.000
1,001-5,000	15	56,247	0.020
5,001-10,000	171	1,680,929	0.591
10,001-100,000	158	6,013,848	2.115
100,001-99,999,999,999	58	276,616,313	97.274
<b>Totals</b>	<b>409</b>	<b>284,368,446</b>	<b>100.000</b>

#### UNMARKETABLE PARCELS

There are 322 unmarketable parcels as at 13<sup>th</sup> September 2017 totalling 5,405,095 ordinary shares.

SHREE MINERALS LTD

SHAREHOLDER INFORMATION

**20 LARGEST SHAREHOLDERS AS AT 13<sup>th</sup> SEPTEMBER 2017**

<b>Holder Name</b>	<b>Balance</b>	<b>%</b>
RB INVESTMENTS PTE LTD	172,621,723	60.704%
IACG PTY LTD	25,809,078	9.076%
CHINA ALLIANCE INTERNATIONAL	23,223,632	8.167%
OCEANIA COAL RESOURCES NL	15,000,000	5.275%
MEGAWILD ENTERPRISES PTY LTD	4,525,000	1.591%
ULLAPOOL INVESTMENTS PTY LTD	4,400,000	1.547%
ROSECLIFF HOLDINGS PTY LTD	4,375,000	1.538%
EXPORT MARKETING (BVI) LTD	2,500,000	0.879%
MR SAHIB INDERJIT SINGH	1,915,150	0.673%
CLAREMONT HOLDINGS LIMITED	1,687,500	0.593%
MR MICHAEL LEE ANGHIE &	1,600,000	0.563%
MR AMRIK SINGH HEER	1,500,000	0.527%
ASOK KUMAR HOLDINGS PTY LTD	1,458,334	0.513%
SANJAY NAGNATH MUKHEDKAR &	1,284,064	0.452%
PRIMO FINANCIAL GROUP INC	1,250,000	0.440%
DR DEEPAK NARAN	1,000,000	0.352%
CHETAN KARIA	767,032	0.270%
CITICORP NOMINEES PTY LIMITED	603,166	0.212%
TANDON SUPERANNUATION SERVICES	583,334	0.205%
MR SANJAY KUMAR LOYALKA	565,000	0.199%
<b>Total Securities of Top 20 Holdings</b>	<b>266,668,013</b>	<b>93.776%</b>
<b>Total of Securities</b>	<b>284,368,446</b>	

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## SHREE MINERALS LTD

### CORPORATE GOVERNANCE STATEMENT

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

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

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

This statement describes Shree Minerals Ltd's position in relation to each of the recommendations set by the ASX Corporate Governance Council ("Recommendations"). The Recommendations are set out in the ASX Corporate Governance Council's Corporate Governance Principles and recommendations (3<sup>rd</sup> Edition) 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 2017.

#### **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.

SHREE MINERALS LTD

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	The role of the Board and Management.	Satisfied. Board Charter is available at <a href="http://www.shreeminerals.com">www.shreeminerals.com</a> in the Corporate Governance Statement.
1.2	Appointment and re-election of Board members.	Satisfied. Procedures For Selection And Appointment Of Directors is available at <a href="http://www.shreeminerals.com">www.shreeminerals.com</a> in the Corporate Governance Statement.
1.3	Written agreements.	Satisfied. All directors and senior executives are provided with formal letter of appointment which sets out the terms and conditions of appointment including their duties, rights, responsibilities and expectations.
1.4	Company Secretary	Satisfied. The company secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.
1.5	Diversity	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.
1.6	Board Evaluation	It is the policy of the Board to conduct annual evaluations of its effectiveness and that of individual Directors.  Whilst the performance of the Board is appraised on an ongoing basis, during the year no formal appraisal was conducted.
1.7	Performance evaluation of senior executives	Whilst the performance of management is appraised on an ongoing basis.  During the year no formal appraisal of management was conducted.
2.1	Nomination Committee	Not satisfied. The Board consider that given the current size of the board (4), this function is efficiently achieved with full board participation. Accordingly, the Board has not established a nomination committee.
2.2	Board and skills matrix	Satisfied. The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations.  Please also refer to the Procedures For Selection And Appointment Of Directors which is available at

## SHREE MINERALS LTD

## CORPORATE GOVERNANCE STATEMENT

RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
		www.shreeminerals.com in the Corporate Governance Statement.
2.3	Size and Composition of the Board	Disclosed in the Directors report.
2.4	A majority of the board should be independent directors.	Not Satisfied. Due to the size of the company and its operations the Board has determined increasing the size of the Board to achieve this would not be efficient.
2.5	The chair should be an independent director.	Not Satisfied. Due to the size of the company and its operations Mr Rajesh Bothra is Non Executive Chairman.
2.6	Induction Program.	Nan informal induction process exists and is facilitated by the Chairman. The process includes the new Directors meeting with the other Board members and the senior management in order to gain an insight into the key issues and culture of the Company.
3.1	Companies should have a code of conduct and disclose the code or a summary of the code	Satisfied. The Code of conduct is available at www.shreeminerals.com in the Corporate Governance Statement.
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 should receive 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 2017 financial period.
4.3	External Auditor at AGM	The Company has ensured that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
5.1	Make timely and balanced disclosure	Satisfied. Continuous disclosure policy is available at www.shreeminerals.com in the Corporate Governance statement.

## SHREE MINERALS LTD

## CORPORATE GOVERNANCE STATEMENT

RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
6.1	Information on website	The company has provided information about itself and its governance to investors via its website.
6.2	Investor relations	Satisfied. Shareholders communication strategy is available at <a href="http://www.shreeminerals.com">www.shreeminerals.com</a> in the Corporate Governance statement.
6.3	Security holders meetings	The Company has adopted the ASX Guidelines for Notice of Meetings.
6.4	Electronic communication	Shareholders communication strategy is available at <a href="http://www.shreeminerals.com">www.shreeminerals.com</a> in the Corporate Governance statement.
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	<p>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 Risk committee.</p> <p>Risk management program is available at <a href="http://www.shreeminerals.com">www.shreeminerals.com</a> in the Corporate Governance statement.</p>
7.2	Implementation of risk management systems and risk review.	The Board is responsible for reviewing annually its risk management system. The review for this year is yet to be completed.
7.3	Internal Audit function	Given the size of the current operations, currently there is no internal audit activity undertaken.
7.4	Sustainability risks.	<p>The Company manages its exposure to economic risk and environmental risk while it does not consider that it currently has any material exposure to social sustainability risks, however will monitor the exposure.</p> <p>External Risk factors that materially have an impact include :</p> <ol style="list-style-type: none"> <li>1. Fluctuations in commodity prices and impacts of ongoing global economic volatility may negatively affect our results, including cash flows and asset values.</li> <li>2. Currency exchange rate fluctuations</li> <li>3. Financial : Liquidity &amp; cash flow risks</li> <li>4. Increased costs</li> <li>5. Unexpected natural and operational catastrophes</li> </ol> <p>EPA Tasmania has notified the company that that the variation of the Environment permit in Nov'13 to allow a temporary PAF rock dump for DSO south pit has been rendered invalid in a judicial review by the Court in Dec'14. The original permit remains valid, and without variation. As a consequence, the current PAF storage</p>



SHREE MINERALS LTD

CORPORATE GOVERNANCE STATEMENT

RECOMMENDATION		SHREE MINERALS LIMITED CURRENT PRACTICE
		<p>temporary dump is not compliant. To resolve the issue, the Company is in discussions with the EPA and the Circular Head Council to finalise application for a new permit when granted, will replace the existing permit.</p> <p>All government approvals (other than variation pertaining to temporary PAF rock permit for DSO south pit) for the project remain valid. These include the Mining Lease, Federal Government Environmental Approval and Tasmanian Government's Environment &amp; Development permits (etc).</p> <p>The Company holds various exploration &amp; mining licences to regulate its activities in the State of Tasmania, Australia. These licences include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its activities. As far as the Directors are aware, there has been no known breach of the Company's licence conditions other than those disclosed in the Directors report.</p> <p>The implementation of best practice social and environmental practices, well beyond simple compliance, has been an integral part of Company's philosophy. Shree Minerals also recognises the opportunities that the presence of our project creates to support Devil Facial Tumour research. Hence, Devil numbers around the mine site are monitored as part of the mine's operational monitoring of the effectiveness of its devil (and quoll) impact mitigation measures, and these observations will be valuable data for the Save the Tasmanian Devil Program (STDP).</p> <p>The Company recognises the importance of identifying and managing risks and ensuring appropriate control measures are in place.</p>
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	Executive versus non- executive remuneration.	Current Remuneration policies are set out in the Company's Remuneration Report.
8.3	Equity based remuneration.	The Securities Policy is available at <a href="http://www.shreeminerals.com">www.shreeminerals.com</a> in the Corporate Governance statement.

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SHREE MINERALS LTD  
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](http://www.shreeminerals.com).