SHREE MINERALS LIMITED

ACN 130 618 683

PROSPECTUS

For the offer of 15,000,000 Shares at an issue price of 20 cents each, together with one (1) free attaching Option for every two (2) Shares subscribed for and issued to raise $3,000,000 **(Offer)**.

Oversubscriptions of up to a further 5,000,000 Shares at an issue price of 20 cents each, together with one (1) free attaching Option for every two (2) Shares subscribed for and issued to raise up to a further $1,000,000 may be accepted.

This Prospectus also includes a "Priority Offer" to shareholders of Gujarat NRE Minerals Limited.

SHREE

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Securities offered by this Prospectus should be considered speculative.

IMPORTANT NOTICE

This Prospectus is dated 19 November 2009 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates. The expiry date of this Prospectus is at 5pm WST on that date which is 13 months after the date this Prospectus was lodged with the ASIC **(Expiry Date)**. No Securities may be issued on the basis of this Prospectus after the Expiry Date. Application will be made to ASX within seven days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered speculative.

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at **www.shreeminerals.com** or at **www.zurichsecurities.com.au** or **www.gujaratnre.com**. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. The Corporations Act prohibits any person passing onto another person an application form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications for Securities under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

CONTENTS

INVESTMENT HIGHLIGHTS & RISKS

INVESTMENT HIGHLIGHTS

The information set out below should be read in conjunction with the more detailed information further contained in this Prospectus. The Prospectus should be read in its entirety and, in particular, investors should consider the risk factors that could affect the financial and operating performance of the Company.

Key highlights include:

- Mineral exploration company with a diversified portfolio of exploration tenements located in Tasmania.
- Tasmania is a relatively underexplored region well regarded for its mineral wealth and ability to host significant producing operations.
- Key exploration target is the Nelson Bay River magnetite project in Tasmania with a current inferred JORC Resource of 6.9 million tonnes @ 38.2% grade magnetite. Refer to the Independent Geologist's Report in Section 6 for further information.
- A number of prospective exploration projects across a range of commodities including Sulphide Creek (gold), Catamaran (coal), Mt Bertha (iron ore and copper-gold), Mt Sorell (base metals) and Adamsfield (platinum group).
- Strong support from key cornerstone investors:
    - Gujarat NRE Minerals Limited – ASX listed producing coal miner (ASX: GNM) – holding 17.65% on completion of the Offer and up to a maximum of 26.32%.
    - China Alliance International Holdings Group Limited – Chinese investment group – holding 18.82% on completion of the Offer.
- Directors and senior management are well experienced and respected industry professionals who bring sound exploration, mining, financial, management and analytical skills to the Company and have a proven track record of project development.

INVESTMENT RISKS

Prospective investors should read this Prospectus in its entirety and, in particular, consider the risk factors set out in Section 9, before deciding on whether to apply for Securities under this Prospectus.

Key risks include:

- No guarantee of exploration success leading to project development.
- Resources estimates are imprecise and may prove to be inaccurate.
- Ability of Company to comply with environmental guidelines and policies – projects are situated in Tasmania, a region of environmental significance, which includes potential world heritage declared areas.
- Funds raised under the minimum subscription will be applied within 1 year of listing on ASX. No guarantee that further funding for exploration on the projects will be available, or on favourable terms.
- Commodity price volatility and exchange rate risks.

CORPORATE DIRECTORY

DIRECTORS

Mr Sanjay Loyalka
Chairman

Mr Arun Jagatramka
Non-Executive Director

Mr Mahendra Pal
Non-Executive Director

Mr Andy Lau
Non-Executive Director

COMPANY SECRETARY

Mr Steve Ledger

SHARE REGISTRY

Registries Limited

Level 7, 207 Kent Street
SYDNEY NSW 2000

Telephone: 1300 737 760
Facsimile: 1300 653 459

LEAD MANAGER

Zurich Securities Pty Ltd

85 South Perth Esplanade
SOUTH PERTH WA 6151
AFSL 317 392

www.zurichsecurities.com.au

REGISTERED OFFICE

Level 1
16 St Georges Terrace
PERTH WA 6000

Telephone: (08) 9386 9850
Facsimile: (08) 9386 9853

www.shreeminerals.com

INDEPENDENT GEOLOGIST

Hellman & Schofield Pty Ltd

Level 4, 46 Edwards Street
BRISBANE QLD 4000

INDEPENDENT ACCOUNTANT

Grant Thornton

Level 1, 10 Kings Park Road
WEST PERTH WA 6005

SOLICITORS TO THE COMPANY

Steinepreis Paganin
Lawyers and Consultants

Level 4, Next Building
16 Milligan Street
PERTH WA 6000

AUDITOR*

Greg Ledger Pty Ltd

Suite 3, 20 Altona Street
WEST PERTH WA 6005

* *This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.*

01 CHAIRMAN'S LETTER

19 November 2009

Dear Investor,

On behalf of the board of Directors, I am pleased to invite you to participate in the initial public offering of Shree Minerals Limited (**Shree** or **Company**).

Shree is a mineral exploration company with an interest in a diversified portfolio of exploration tenements located in Tasmania that are opportunity driven and provide exposure to a range of commodities across a variety of geological settings.

The Company's 100% owned Nelson Bay River Project is its most advanced exploration target and has a significant JORC compliant resource of magnetite. Shree holds a number of other prospective exploration licences including Sulphide Creek (gold), Catamaran (coal), Mt Bertha (iron ore and copper-gold), Mt Sorell (base metals) and Adamsfield (platinum group). Comprehensive technical information on the Company's projects together with details on its proposed exploration programmes are set out in the Independent Geologist's Report in Section 6 of this Prospectus.

The Offer made under this Prospectus is to raise a minimum of $3,000,000 by the issue of 15,000,000 Shares at 20 cents each. The funds raised will be applied towards progressing a bankable feasibility study at the Nelson Bay River Project and further exploration with a view to delineating a JORC compliant resource at the Company's other prospects.

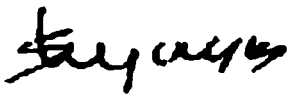
Shree is well supported by cornerstone investors, ASX listed coal producer Gujarat NRE Minerals Limited (ASX:GNM) and China Alliance Holdings Group Limited, a Chinese investment group. The Board considers the involvement of these two entities will add to the depth of technical and operating expertise available to the Company.

The Board of the Company consists of professionals with a proven track record in building successful exploration companies either through discovery or through strategic acquisitions, nationally and internationally.

Shree brings together quality assets and high calibre people, providing investors with an opportunity to be part of any future exploration successes.

The Board joins me in extending this Offer to you and we look forward to welcoming you as a Shareholder of Shree.

Yours sincerely



Sanjay Loyalka
Chairman

02 INVESTMENT OVERVIEW

2.1 IMPORTANT NOTICE

This section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

2.2 OBJECTIVES

The key strategic objectives of the Company are:

(a) exploration and progressing a bankable feasibility study at the Nelson Bay River magnetite project;

(b) exploration and evaluation of its other mineral Tenements located in Tasmania; and

(c) ongoing development of strategic partnerships and possible acquisition of additional projects and opportunities.

2.3 INDICATIVE TIMETABLE

Lodgement of Prospectus with the ASIC	19 November 2009
Opening Date	27 November 2009
Closing Date of the Priority Offer and General Offer	5pm WST on 23 December 2009
Despatch of holding statements	31 December 2009
Expected date for listing on ASX	8 January 2009

2.4 PURPOSE OF THE OFFER AND USE OF PROCEEDS

The purpose of the Offer is to raise funds for the exploration and evaluation of the mineral exploration tenements held by the Company.

It is intended to apply funds raised from the Offer as follows:

Item	Minimum Subscription ($)	Over Subscription ($)
Cash in Hand	1,400,000	1,400,000
Funds raised from the Offer	3,000,000	4,000,000
Total	**4,400,000**	**5,400,000**
Exploration and Evaluation[1]	1,950,000	2,900,000
Reimbursement of prior expenditure[2]	500,000	500,000
Costs	1,250,000	1,250,000
Expenses of the offer[3]	300,000	350,000
Working capital	400,000	400,000
Total	**4,400,000**	**5,400,000**

Notes:

1 Exploration and evaluation expenditure is for work programmes as described in the Independent Geologist's Report in Section 6.

2 Payable to Gujarat NRE Resources NL. Refer to Section 10.1 for further information.

3 Refer to Section 11.10 for further information.

All of the funds raised under the minimum subscription will be applied during the first year after listing on ASX. Funds raised between the minimum subscription amount of $3,000,000 and the oversubscription amount of $4,000,000 are intended to be applied first towards the increased expenses of the Offer and then towards exploration and evaluation during the second year after listing on ASX.

The above table is a statement of current intentions as at the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

Following completion of the Offer, the Company will have sufficient funds to carry out its stated objectives.

2.5 CAPITAL STRUCTURE

The capital structure of the Company following completion of the Offer is summarised below[1]:

Shares	Number
Shares on issue at date of Prospectus	64,750,000
Shares to be issued to Vendor[2]	5,000,000
Shares to be issued to Zurich Securities (or nominees)[3]	250,000
Shares now offered	15,000,000
Total Shares on issue at completion of the Offer[4]	**85,000,000**
Options	
Options on issue at date of Prospectus[5]	8,000,000
Options to be issued under Employee Incentive Option Scheme[6]	1,500,000
Options to be issued to Zurich Securities (or nominees)[7]	250,000
Options now offered[8]	7,500,000
Total Options on issue at completion of the Offer[4]	**17,250,000**

Notes:

1 Refer to the Independent Accountant's Report for further information.

2 Shares to be issued to Gujarat NRE Resources NL in partial consideration for the acquisition of certain tenements. The Company has agreed to issue a further 10,000,000 Shares to Gujarat NRE upon completion of a BFS and financial closure in relation to the Nelson Bay River Project, for a total of 25,000,000 Shares. Refer to Section 10.1 for further information. This could have the effect of increasing the voting power of Gujarat NRE from 17.65% upon completion of the Offer to 26.32% (assuming that no further Shares are issued, which is considered unlikely).

3 The Company has agreed to issue Shares and Options pursuant to a mandate with Zurich Securities to act as Lead Manager to the Offer, subject to receipt of conditional approval to list on ASX.

4 Assumes that the Offer is fully subscribed. The Company may accept oversubscriptions of up to an additional 5,000,000 Shares and 2,500,000 Options.

5 Options exercisable at 20 cents with an expiry date of 31 October 2012.

6 Options exercisable at 20 cents with an expiry date of 31 October 2012. The issue of 1,000,000 Options to Mr Mahendra Pal, a director of the Company, is subject to the approval of Shareholders at a general meeting to be held on or about 27 November 2009.

7 Options exercisable at 20 cents with an expiry date of 3 years after conditional approval to list.

8 Options exercisable at 20 cents with an expiry date of 30 June 2011.

The full terms and conditions of the Options are set out in Section 11.2 of this Prospectus.

Restricted securities

Subject to the Company being admitted to the Official List, certain of the Shares and Options on issue prior to the Offer and certain of the Shares issued on the exercise of the Options on issue prior to the Offer, are likely to be classified by ASX as restricted securities and will be required to be held in escrow.

03 DETAILS OF THE OFFER

3.1 THE OFFER

By this Prospectus, the Company offers for subscription 15,000,000 Shares at an issue price of 20 cents each, together with one (1) free attaching Option for every two (2) Shares subscribed for and issued, to raise $3,000,000 **(Offer)**.

The Offer consists of:

(a) a Priority Offer; and

(b) a General Offer to the public.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

The free attaching Options to be issued with Shares subscribed for under this Prospectus will be exercisable at 20 cents each on or before 30 June 2011 and otherwise on the terms set out in Section11.2.

3.2 PRIORITY OFFER AND GENERAL OFFER

Priority Offer

Of the 15,000,000 Shares being offered, 5,000,000 Shares together with one (1) free attaching Option for every two (2) Shares subscribed for and issued will be offered in priority to each shareholders of Gujarat NRE Minerals Limited **(Gujarat)** registered as at the Record Date, with the allocation policy to be determined by the Directors and generally with an intention to give preference on a first come first served basis.

The priority given to Gujarat shareholders will be in respect of a minimum of 10,000 Shares (with the corresponding free attaching Options) for each applicant.

To the extent that subscriptions from existing Gujarat shareholders exceed 5,000,000 Shares, the excess applications will be considered after Shares have been allotted to the public under the General Offer.

General Offer

The pool for the General Offer will be a minimum of 10,000,000 Shares together with one (1) free attaching Option for every two (2) Shares subscribed for and issued, with the balance of any Shares not applied for by Gujarat shareholders under the Priority Offer also forming part of the pool for the General Offer.

Applications

Applications for Shares under the **Priority Offer** must be made using the **Priority Offer Application Form**.

Applications for Securities under the **General Offer** must be made using the **General Offer Application Form**.

Payment for the Shares and Options must be made in full at the issue price of 20 cents per Share. Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. Completed application forms and accompanying cheques must be mailed or delivered to:

By Mail To:
Zurich Securities Pty Ltd
PO Box 1196
SOUTH PERTH WA 6951

or

By Hand To:
Zurich Securities Pty Ltd
85 South Perth Esplanade
SOUTH PERTH WA 6151

Cheques should be made payable to "Shree Minerals Limited – Share Offer Account" and crossed "Not Negotiable". Completed application forms in respect of the Priority Offer must reach one of the above addresses by no later than the Priority Offer Closing Date. Completed application forms in respect of the General Offer must reach one of the above addresses by no later than the General Offer Closing Date.

The Company reserves the right to close the Offer early.

3.3 OVERSUBSCRIPTIONS

The Company may accept oversubscriptions of up to a further $1,000,000 through the issue of up to a further 5,000,000 Shares at an issue price of 20 cents each, together with one (1) free attaching Option for every two (2) Shares subscribed for and issued under the Offer. The maximum amount which may be raised under this Prospectus is therefore $4,000,000.

3.4 ALLOTMENT

Subject to ASX granting conditional approval for the Company to be admitted to the Official List, allotment of Securities offered by this Prospectus will take place as soon as practicable after the Closing Date. Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Securities takes place, will retain any interest earned on the application monies.

The Directors reserve the right to allot Securities in full for any application or to allot any lesser number or to decline any application. Where the number of Securities allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant within seven days of the allotment date.

3.5 MINIMUM SUBSCRIPTION

The minimum subscription to be raised pursuant to this Prospectus is $3,000,000.

If the minimum subscription has not been raised within four months after the date of this Prospectus, all applications will be dealt with in accordance with the Corporations Act.

3.6 ASX LISTING

The Company will apply to ASX within seven days after the date of this Prospectus for admission to the Official List and for Official Quotation of the Shares offered under this Prospectus. If ASX does not grant permission for Official Quotation of the Shares within three months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, all applications will be dealt with in accordance with the Corporations Act.

3.7 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Securities or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

3.8 UNDERWRITER

The Offer is not underwritten.

3.9 LEAD MANAGER

Zurich Securities has been appointed as lead manager to the Offer. The Company has agreed to pay a commission of 5% of the amount raised under the Offer. Zurich Securities will pay any licensed securities dealers or Australian Financial Services licensee a commission of up to 4% (inclusive of goods and services tax) in respect of valid applications lodged with Zurich Securities and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian Financial Services licensee. Please refer to Section 10.5 of this Prospectus for further information, including details of Securities to be issued to Zurich Securities, subject to receipt of conditional approval to list on ASX.

3.10 CHESS

The Company will apply to participate in the Clearing House Electronic Subregister System **(CHESS)**. CHESS is operated by ASX Settlement and Transfer Corporation Pty Ltd **(ASTC)**, a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

Under CHESS, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASTC will send a CHESS statement.

3.11 RISK FACTORS

Prospective investors in the Company should be aware that subscribing for securities the subject of this Prospectus involves a number of risks. These risks are set out in Section 9 of this Prospectus and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 9, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered speculative.

3.12 PRIVACY STATEMENT

If you complete an application for Securities, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

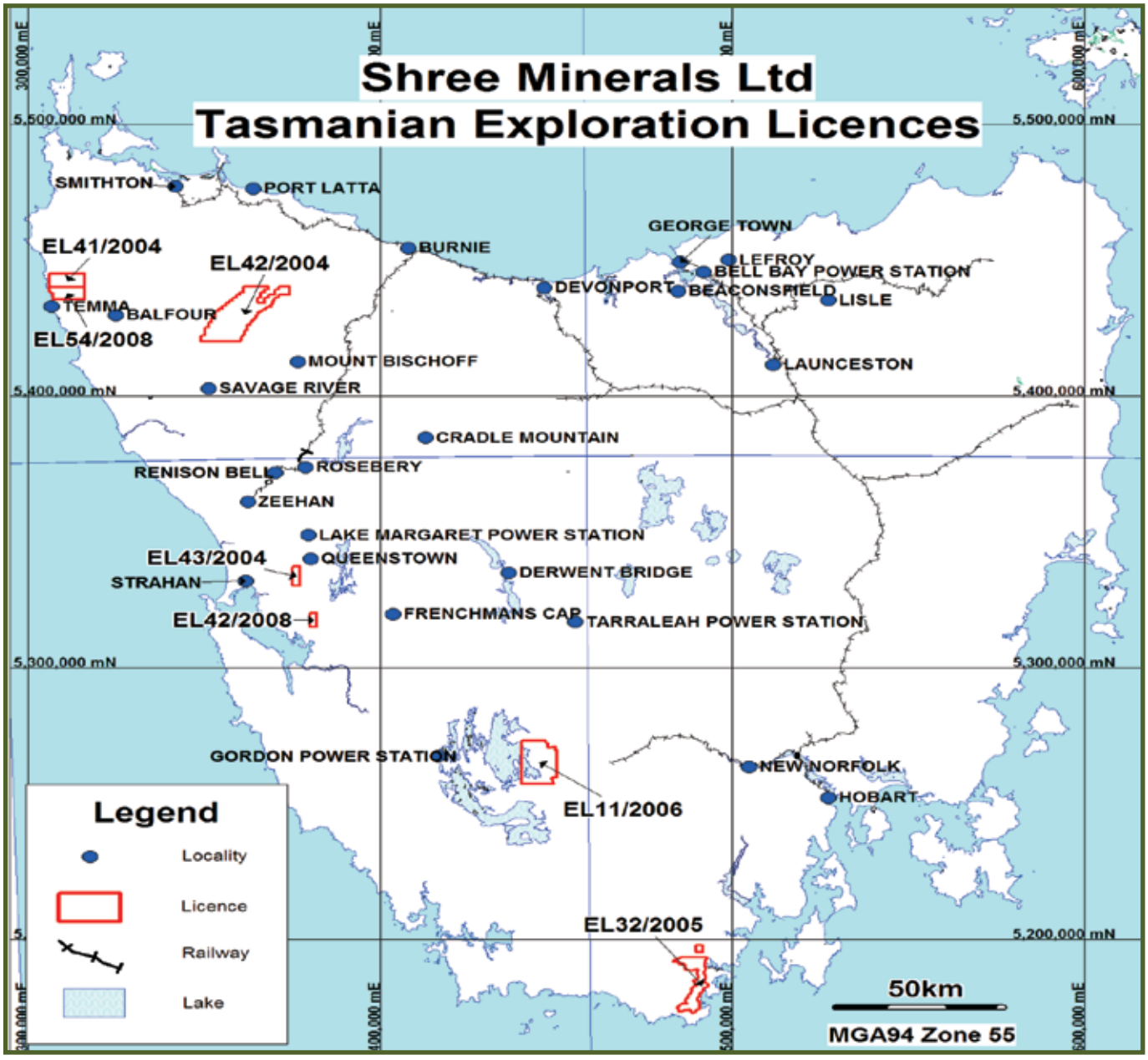
The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

04 COMPANY AND PROJECT OVERVIEW

4.1 BACKGROUND



Shree Minerals Limited is an Australian mineral exploration company whose vision is to create Shareholder value through the successful exploration of mineral tenements and if feasible, the development of these ore bodies.

The Company's key objectives are:

(a) further exploration and progressing a bankable feasibility study at the Nelson Bay River magnetite project to determine the economics of the project;

(b) exploration and evaluation of its other mineral tenements located in Tasmania; and

(c) ongoing development of strategic partnerships and possible acquisition of additional projects and opportunities.

The Company has an interest in a diversified portfolio of exploration tenements located in Tasmania that are opportunity driven and provide exposure to a range of commodities across a variety of geological settings. Five of the licenses are situated in Western Tasmania with one in south central and the remaining one in the South East.

The broad exploration philosophy will be to utilise recently generated geo-scientific digital data in conjunction with new geological ideas to explore areas that have already had some prior exploration work completed. Some areas already have a drilling target as well as follow up drilling targets defined as a consequence of work done in the last couple of years.

For each proposed Tenement a thorough data compilation exercise has been undertaken. This includes some detailed reprocessing of geophysical and geochemical data in order to better define 3D geology and specifically improve structural delineation. All data sets will be merged into a Graphic Information System to assist the definition of high quality target models.

Collectively, the Tenements make up a multi commodity exploration portfolio including gold, coal, magnetite and platinum group minerals.

4.2 OVERVIEW OF PROJECTS

While a summary of the Company's projects can be found below, investors should refer to the Independent Geologist's Report in Section 6 of this Prospectus in order to obtain an more detailed analysis and objective independent assessment of resources, data and associated risks relating to the Company's projects. Investors should also refer to Section 8 of this Prospectus to the Solicitor's Report on Tenements for an independent objective assessment of the status of the Tenements in which the Company has an interest.

(a) Nelson Bay River Project

EL41/2004 (Nelson Bay River) and EL54/2008 (Rebecca Creek) measure a total of 93km^2 and are located in the far North-West of the State near the seaside locations of Couta Rocks and Temma about 70km southwest of Smithton.

The Nelson Bay River Project has a JORC Inferred Resource estimate of 6.9Mt at 38.2% magnetite which, using a 20% cut off equates to a contained magnetite content of 2.6Mt.

Subsequent exploration at the Nelson Bay Project was undertaken by Shree in 2009 and comprised:

- a ground magnetic survey to confirm the shape, magnitude and location of the 1982 Geopeko ground magnetic anomalies;
- surface rock chip sampling over the outcropping iron mineralisation for the northern and southern targets;
- two angled diamond drillholes for 233.9m testing the northern end of the northern target magnetite mineralisation; and
- eight angled diamond drillholes for 267.9m testing the iron-rich oxide portion of the northern target magnetite lode.

The Company intends to conduct further exploration (and plans to re-estimate the resource) and progress a bankable feasibility study to determine the project economics.

(b) Sulphide Creek

EL43/2004 covers an area of 14 km^2 near Lynchford 5kms south of Queenstown, West Tasmania.

A major north-south striking, bifurcating fault, informally named the Harvey Creek fault, with sinister movement transects the middle of the licence. The coupon, Anomaly 24-28 and the Davie gold prospects occur in close proximity to this fault with the coupon prospect hosted by the Ordovician siliciclastics and carbonates. The Tyndall Group unit appears to line up with an inferred splay fault direction off the Harvey Creek Fault.

Work completed during the early 1990's identified significant gold- arsenic anomalism associated with the Harvey Creek Fault within a folded sandstone-limestone unit (basal Gordon Limestone). Low grade gold mineralisation was drilled at coupon to a depth of <70m and tested only 150m along strike.

From the Woody Hill Gold Mine (just north of the current licence) 4.6 kg of gold was produced from 265 tonnes of ore at a grade of 17.6 g/t. The Davie workings appear to consist of several shafts and adits developed on quartz reefs which recorded 14 g/t gold at surface.

The Davie Prospect has provided encouraging results to date. The results are very interesting and with a gold mineralized sequence of unknown lateral and depth extent, the Company is planning a second round of drilling which would start to outline the potential size and contained gold of the host rock.

(c) Adamsfield

EL11/2006 covers the Adamsfield platinum mineral field, located about 70km northwest of Hobart.

The area is prospective for platinum group metals and was mined in the 1930's for osmiridium (an amalgam of osmium and iridium being both platinum group metals).

In addition to the main target (a Merensky Reef look alike) the Company is evaluating four other PGM targets for possible exploration. Previous exploration work has also indicated nickel and chromium mineralisation.

A Reserve Activity Assessment has recently been carried out and presented to National Parks and Wildlife relating to EL11/2006. The Department of Infrastructure, Energy and Resources has suspended minimum expenditure commitments pending receipt of a report from the World Heritage Area Committee, however the Company is not prohibited from undertaking exploration on EL11/2006. The Department of Infrastructure, Energy and Resources have not advised at this stage that EL11/2006 is at any risk of being surrendered as a result of the findings of the report.

(d) Catamaran

EL32/2005 is in the very south of Tasmania just over 100km south of Hobart. The exploration area covers some 84 sq km and is prospective for coal.

Shree plans to commence exploration drilling and further testwork on the Project.

(e) Mt. Sorell

EL42/2008 is located 20km due south of Queenstown. Pursuant to a Farmin Agreement with IACG Pty Ltd, the terms of which were varied under a Deed of Variation entered into on 10 November 2009 (refer to Section 10.2), the Company was granted to right to acquire a 100% interest in EL42/2008. A transfer is in the process of being lodged with the Tasmanian Department of Infrastructure, Energy and Resources for registration to transfer a 100% legal and beneficial interest in EL42/2008 to Shree.

The area is a plateau region of the southernmost part of the Mt Read Volcanics, the hosting rocks for the world class base metal deposits found at Mt Lyell, Rosebery and Hellyer. Initial exploration results have confirmed an anomalous zinc zone. Sampling and detailed mapping will be carried out to define a drilling plan.

(f) Mt. Bertha

EL42/2004, held by IAGC Pty Ltd, covers an area of 224km^2 located in North West Tasmania. Pursuant to a Farmin Agreement with IACG Pty Ltd, the terms of which were varied under a Deed of Variation entered into on 10 November 2009 (refer to Section 10.2), the Company was granted to right to acquire a 75% interest in EL42/2008. A transfer is in the process of being lodged with the Tasmanian Department of Infrastructure, Energy and Resources for registration to transfer a 75% legal and beneficial interest in EL42/2004 to Shree. Under the terms of the Deed of Variation, Shree is responsible to sole fund all expenditure in relation to the tenement, including preparation of a pre-feasibility study.

This area includes part of a major structural zone called the Arthur Lineament which hosts major magnetite – rich iron ore resources on other tenements. The area is north east of the Savage River iron ore deposit which is hosted by massive intrusive rocks, serpentinite and carbonate. Magnetic surveys provide good indicators for magnetite anomalies in the area and results of MRT data already disclose magnetic anomalies which present opportunity for exploration.

The Company intends to undertake significant evaluation and exploration for iron ore, but results will also be assayed for gold and copper and results assessed to determine whether further exploration for these metals is warranted. Identification of potential magnetite-pyritic structures especially along fault lines will be achieved by initial examination of all data including new MRT mapping and aero- magnetic surveys. Subject to technical review, a ground induced polarisation (IP) survey and geochemical sampling will then be implemented over the existing magnetic anomalies to map areas and identify targets. Depending on those results, reconnaissance drilling will then be conducted in selected anomalous zones prior to diamond drilling program.

4.3 EXPLORATION BUDGET

The Company's exploration budget in relation to each of the Company's projects is summarised below. Further details are set out in the Independent Geologist's Report in Section 6.

Project (Tenement)	Year 1 ($)	Year 2 ($)	Total ($)
Nelson Bay (EL41/2004)	1,348,500	721,000	2,069,500
Sulphide Creek (EL43/2004)	63,500	63,500	127,000
Adamsfield (EL11/2006)	79,500	7,000	86,500
Catamaran (EL32/2005)	71,500	71,500	143,000
Rebecca Creek (EL54/2008)	76,000	1,000	77,000
Mt. Bertha (EL42/2004)	250,000	10,000	260,000
Mt. Sorell (EL42/2008)	61,000	76,000	137,000
Total	**1,950,000[1]**	**950,000**	**2,900,000**

Notes:

1 In the event that only the minimum subscription of $3,000,000 is raised, all of the funds to be applied towards exploration and evaluation under the budget set out above will be exhausted within 1 year of listing of ASX. The budget for Year 2 above is based on the assumption that the Company raises the full amount of oversubscriptions of $1,000,000. Refer to Section 2.5 for further information.

4.4 CORNERSTONE INVESTORS

Shree is well supported by cornerstone investors, ASX listed coal producer Gujarat NRE Minerals Limited (ASX:GNM) and China Alliance International Holdings Group Limited, a Chinese investment group. The involvement of these two entities has added to the depth of technical and operating expertise available to the Company.

(a) Gujarat NRE Minerals Limited

The Company has acquired four of its exploration licences from Gujarat NRE Resources NL, a wholly owned subsidiary of Gujarat NRE Minerals Limited (refer to Section 10.1). Under the terms of an acquisition agreement, the Company has to date issued to Gujarat NRE 10,000,000 Shares and will issue a further 5,000,000 Shares prior to the IPO, equivalent to a 17.65% (post-IPO assuming minimum subscription) shareholding in the Company.

Shree has agreed to issue to Gujarat NRE a further 10,000,000 Shares within 30 days of successful completion of a bankable feasibility study to be sole funded by the Company and obtaining funding approval for the development and operation of a mine on the Nelson Bay River tenement. The issue of these Shares could have the effect of increasing the voting power of Gujarat NRE in the Company from 17.65% upon completion of the Offer to 26.32% (assuming that no further Shares are issued, which is considered unlikely).

Mr Arun Jagatramka is a nominee of Gujarat NRE Minerals as a non-executive director on the board of Shree.

(b) China Alliance International Holdings Group Limited

China Alliance International Holdings Group Limited **(China Alliance)** has invested in Shree as seed capital to take an 18.82% (post-IPO assuming minimum subscription) shareholding in the Company (refer to Section 10.3). China Alliance is a company registered in Hong Kong whose principal business is the development of new energy projects.

Mr Andy Lau is a nominee of China Alliance as a non-executive director on the board of Shree.

4.5 COMPETENT PERSON'S STATEMENT

The technical information in Section 4 of the Prospectus that relates specifically to exploration results, exploration targets and mineral resources is based on information compiled and/or assessed by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Tear is an employee of Hellman & Schofield Pty Ltd. Mr Tear has sufficient experience which is 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tear consents to the inclusion of the technical information in this Section 4 of the Prospectus of the matters based on his assessment of the available information in the form and context in which it appears.

05 DIRECTORS AND CORPORATE GOVERNANCE

5.1 DIRECTORS

Mr Sanjay Loyalka, Chairman

BCom (Hon), CA

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

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

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

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

Mr Arun Jagatramka, Non Executive Director

BCom (Hons), FCA, AIMM

Mr Arun Jagatramka is a qualified Chartered Accountant and has over 10 years experience in the coal and coke industry with a prior 15 years experience in consultancy and merchant banking. Mr Jagatramka is the Chairman and Managing Director of Gujarat NRE Coke Limited. Under his leadership, the production capacity of Gujarat NRE Coke Limited has expanded ten times in the last ten years to make it the largest non-captive metallurgical coke manufacturer in India as well as the first Indian company to own and operate coal mines in Australia.

Mr Jagatramka is a Fellow Member of the Institute of Chartered Accountants of India and is a member of a number of boards, including Gujarat NRE Minerals Limited and Pike River Coal Limited. He has been appointed as an honorary NSW "Sydney Ambassador" to India.

Mr Mahendra Pal, Non Executive Director

MSc, FAusIMM, MSGAT

Mr Mahendra Pal has an extensive career which includes senior exploration management positions both in Australia and overseas. He has experience in the exploration and mining of copper, lead, zinc, uranium, gold, iron ore and oil shale.

Since 2000 Mr Pal has been a geological consultant in Australia to a number of mining companies including Auiron Energy Limited, Centrex Metals Ltd, Rio Tinto Exploration, Hamersley Iron, Consolidated Minerals, Golden West Resources Ltd, Sinosteel Australia Ltd, Sumitomo Corporation, and Fairstar Resources Ltd, as well as a technical adviser to Rio Tinto Orissa Mining Limited (a Rio Tinto Joint Venture with Orissa Mining Corporation) and a consultant to Tata Iron & Steel in India, International Minerals and Consulting Company in Iran and Oswal Brasil Refinaria de Petróleo in Brazil.

Mr Andy Lau, Non Executive Director

MBA

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

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

5.2 CORPORATE GOVERNANCE

The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct.

The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of behaviour and accountability. The Board has already developed and will continue to develop strategies for the Company, review strategic objectives, and monitor the performance against those objectives. The overall goals of the corporate governance process are to:

(a) drive Shareholder value;

(b) assure a prudential and ethical base to the Company's conduct and activities; and

(c) ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following primary responsibilities:

(a) formulation and approval of the strategic direction, objectives and goals of the Company;

(b) monitoring the financial performance of the Company, including approval of the Company's financial statements;

(c) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;

(d) the identification of significant business risks and ensuring that such risks are adequately managed;

(e) the review of performance and remuneration of executive Directors; and

(f) the establishment and maintenance of appropriate ethical standards.

The Board has adopted corporate governance policies and practices consistent, where considered appropriate having regard to the Company's current size and structure, with the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations". Such policies include, but are not limited to, the Board Charter, Board Code of Conduct, Audit Committee Charter, Continuous Disclosure, Trading in Securities and Risk Management Policies. Copies of the Company's corporate governance policies will be available on the Company's website at **www.shreeminerals.com**.

The Board also recognises its duty to ensure that its Shareholders and other stakeholders are informed of all major developments affecting the Company's state of affairs.

H&S

Hellman & Schofield Pty Ltd

Technical specialists to the minerals industry

Independent Geologist's Report

Exploration Properties in Tasmania

Prepared for Shree Minerals Ltd.

By

Simon Tear

BSc(Hons), PGEO, MAusIMM, MIOM3, EurGeol

Hellman & Schofield Pty. Ltd.

17th November 2009

The data in this report that relates to Mineral Resources for the Nelson Bay Magnetite Deposit and the Halls Open Cut PGM Deposit 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Tear is a full-time employee of Hellman & Schofield Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

The data in this report that relates to Exploration Target for the Catamaran Coal Deposit is based on information evaluated by Ms Marianne Harvey 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 she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Ms Harvey is a full-time employee of M.E.G.M.S and she consents to the inclusion in the report of the Exploration Target in the form and context in which it appears.

Hellman & Schofield Pty. Ltd.
A.B.N. 14 083 082 722

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EXECUTIVE SUMMARY

H&S

Shree Minerals Limited's portfolio of seven mineral exploration licences is opportunity-driven and provides exposure to a range of commodities for a variety of geological settings. Six of the licences occur in West Tasmania with the remaining one existing in South East Tasmania. Shree Minerals has advised that their broad exploration philosophy is to utilise recently generated geoscientific data to drive exploration drilling to improve the size and quality of known resources and to advance encouraging exploration results into a discovery.

All of Shree Minerals' areas of interest have reasonable land access that allow for mineral exploration and mining, however some potential target zones may lie in more remote or rugged terrain that may require helicopter support.

The Nelson Bay Iron Ore Project (ELs 41/2004 & 54/2008) covers the Nelson Bay Magnetite deposit with Inferred Mineral Resources reported to JORC Code and Guidelines. Drilling will look to enlarge the deposit and improve the quality of the resource, currently standing at 6.8Mt @ 38.2% magnetite at a 20% magnetite cut off. In addition exploration work will look to follow up recent drilling of near surface iron oxide mineralisation in an attempt delineate direct shipping ore. Exploration of additional magnetic targets will also be undertaken.

The Adamsfield Licence (EL 11/2006) contains platinum group mineralisation attributed to the ultramafic rocks of the Adamsfield Ultramafic Complex. Shree Minerals has advised that it will explore for economic platinum group mineralisation using new geological concepts for the formation of stratiform platinum group elements within ultramafic rocks.

The Sulphide Creek tenement (EL 43/2004) is an advanced project with wide zones of poorly understood low grade gold mineralisation hosted in Ordovician clastics and limestones proximal to a major fault.

The Catamaran exploration licence (EL 32/2005) is an advanced coal prospect warranting further exploration. Historic exploration results for coal deposits have been reported to JORC Code and Guidelines.

The Mt Sorell tenement (EL 42/2008) hosts an untested base metal soil anomaly at the southern end of the world class Cambrian-aged Mount Read Volcanic base metal province, which hosts the Rosebery, Hellyer and Mount Lyell mines. The area also contains favourable stratigraphy and structural interaction to provide potential for Henty Mine-style gold mineralisation.

The Mt Bertha property (EL 42/2004) is a large tenement with a series of discrete magnetic anomalies associated with a major, magnetically defined structure. Targets include iron ore (Savage River-style), nickel (Avebury-style), iron oxide/copper-gold mineralisation and structurally controlled gold deposits.

In my opinion Shree Minerals' licences contain appropriate geological settings for the commodities being explored for and they have developed feasible exploration strategies and programmes for the licence areas.

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01 INTRODUCTION

H&S

Hellman & Schofield Pty Ltd ("H&S"), an independent consultancy based in Sydney, NSW, has been commissioned to complete an Independent Geologist Report for Shree Minerals Limited ("Shree"). Shree plan to list on the ASX and raise A$3M (with the ability to accept oversubscriptions to raise up to A$4M) of which a minimum of A$1.95M (and A$2.9M in the case of oversubscriptions) is allocated for mineral exploration in Tasmania. The purpose of this report is to provide an independent assessment of the geology and mineral exploration potential for seven granted exploration licences held in Tasmania by Shree Minerals Ltd. For each licence there is a description of salient geological features and an explanation of potential targets to be explored. Specialist expertise on coal resources was supplied by Marianne Harvey of M.E.G.M.S.

The geology of Tasmania has been extensively studied and provides a world class setting for mineral exploration. The Tasmanian State Government has contributed significantly to the process of exploration and mining by providing high quality digital data for exploration purposes and has enacted plans for infrastructure developments.

All of Shree's areas have had historical exploration completed including diamond core drilling. Two of the licences, EL41/2004 and EL11/2006 contain Inferred Resources.

The licences were originally held by Zinico Resources NL in 2004 who underwent a name change to Zelos Resources NL in 2005 and again to Gujarat NRE Resources NL in November 2006 who subsequently were successfully taken over by India NRE Minerals Limited. With the delisting of the Gujarat NRE Resources NL from the ASX the 100% owned Tasmanian Exploration Licences were sold in June 2008 to Shree Minerals Limited. This included the Nelson Bay (EL41/2004), Sulphide Creek (EL43/2004), Catamaran (EL35/2005) and Adamsfield (EL11/2006) exploration licences. Shree also applied for and was granted a contiguous licence to the south of the Nelson Bay licence. This new licence is called Rebecca Creek with an EL number of 54/2008.

In addition Shree has entered into a farm-in agreement with IACG Pty Ltd (formerly Indo Australian Consulting Group Pty Ltd) to acquire a 75% interest in the Mt Bertha licence (EL42/2004) and 100% of the Mt Sorrell licence (EL42/2008). Please refer to the Solicitors Report on Tenements in Shree's Prospectus for details of the agreement.

This review was undertaken to confirm the geological setting and plausibility of the exploration targets proffered by Shree and to confirm details of the contained resources.

The report has been completed in accordance with the VALMIN Code. Simon Tear, who prepared this report, is the Representative Expert for H&S for precious and base metal exploration. Marianne Harvey of M.E.G.M.S (a geological consultancy) was retained as a Specialist for coal exploration.

Simon Tear and Marianne Harvey are Competent Persons under the JORC Code for precious/base metals and coal respectively. Under the JORC code, the Competent Person is responsible for the quality of data used in mineral resource estimates, which applies to all resource estimates included in this report. All diagrams have been completed by the author except where indicated.

A separate tenement status report is being supplied to Shree by their solicitors Steinepreis Paganin.

02 ASSESSMENT METHODOLOGY & INFORMATION SOURCES

This report is based on the Author's mineral exploration experiences in Tasmania over the last fourteen years and a desk study of recently released government digital data. The Mineral Resource Tasmania ("MRT") digital data comprises geology maps, airborne magnetic, radiometric and electromagnetic data, rock, soil and stream geochemical data, mineral occurrences and drillhole locations. In addition, digital versions of many previous operators' exploration reports were used via the MRT Library's open file report system. Shree have supplied recent reports completed on the Mt Bertha, Catamaran, Sulphide Creek and Nelson Bay properties. H&S has completed recent reports on the resources fort the Nelson Bay Magnetite Deposit and the Adamsfield platinum group mineralisation. The Author has also had informal discussions with representatives of MRT, Zelos and Shree.

In the preparation of this report H&S has not undertaken a detailed audit of the geological databases held by Shree for completeness or accuracy. Nevertheless the previous geological investigations appear to have been generally undertaken to contemporary industry standards, although because of the era in which some of the exploration was undertaken and the diversity of targets sought by the various prior explorers, there may be some deficiencies in the available databases.

The publicly available data supplied by MRT appears reasonable.

The properties have had varying levels of exploration undertaken but all have had diamond drilling except Rebecca Creek, Mt Bertha and Mt Sorell. H&S believes that the historical data for all the projects is generally of good quality, is reasonably comprehensive and in most cases suitable for inclusion in a database for use in any future resource estimation/target assessment. However, the age and variability of some of the historical data and the general lack of independent quality control and quality assurance measures for drilling, sampling and assaying will necessitate some checking and verification of the historical data. Some historical data requires conversion into digital format.

Prior explorers within the project areas generally utilised the services of independent laboratories (mainly Australian based commercial laboratories) to analyse samples. These laboratories used contemporary analytical techniques for the elements determined and adopted appropriate quality control procedures. Assaying techniques and in some cases the preferred sampling medium have evolved and been improved upon over time; consequently different generations of analytical results are not necessarily directly comparable.

The Author of this report has made the following site visits within the last three years:

1. Nelson Bay River in November 2006.
2. Adamsfield in August 2007.

Marianne Harvey made a visit to the Catamaran licence in August 2008.

Sulphide Creek was originally visited by the Author in 1996 and Mt Sorell is proximal to a licence worked on by the Author also in 1996. Mt Bertha was not visited but the Author is familiar with the terrain for the area from maps and satellite imagery.

Some of the maps contained within this report are derived from digital government data and their approval for use in this report has been obtained by Shree.

03 RISK SUMMARY

In accordance with the Valmin Code (2005) an evaluation of the risks likely to apply to the assets under consideration is included below.

3.1 PROJECT RISKS

When compared with many industrial and commercial operations, mining is a relatively high risk business and projects that are still in the exploration phase are even higher risk. Even after a discovery is made the nature of the orebody, the grade distribution within the body and the behaviour of the ore during mining and processing is never completely predictable.

The difficulty in discovering economically viable mineral deposits is progressively increasing as most deposits that outcrop at surface have already been discovered. Consequently discovery of additional deposits is increasingly reliant on the combination of an in depth understanding of factors controlling the development of mineral deposits within any specific geological environment as well as the application of optimum exploration techniques applicable to the style of deposit being sought.

Most of the Shree projects are at an advanced stage of exploration and have defined exploration targets and/or mineral resources. In some instances the presence of significant mineralisation has been established and the deposit parameters are understood, allowing the design of optimised exploration programs. To outline and upgrade resources and subsequently confirm economic viability will require considerable additional work and this is the objective of Shree's planned exploration programs for the relevant projects.

Shree's "other exploration projects" are all still in the exploration phase and no resources or reserves are currently defined. Nevertheless previous exploration, including drilling in some cases, has been undertaken within the project areas. Consequently the presence of or indications of mineralisation have already been established and in all projects specific targets warranting additional exploration have been identified. Considerable additional work will be required to make new mineral discoveries and outline potential resources, which is the objective of Shree's planned exploration programs for these properties.

Further risk factors are set out in Section 9 of Shree's Prospectus.

3.2 RISK MITIGATION FACTORS

There are a number of factors which combine to reduce some of the risks attached to Shree's exploration projects. The main factors being:

- Australia is a politically stable country with a long history of mineral exploration and mining. The Federal and all State Governments are supportive of exploration and mining of the commodities sought by Shree.
- Tasmania has a particular emphasis on mining as it is major contributor to the state's economy. To this extent there is usually strong government support for exploration and there is a ready made support service industry for the west coast of Tasmania.
- It is considered probable that further appropriate exploration activity will define Mineral Resources on Shree's Nelson Bay Iron Ore Project, although there is some uncertainty in the quantity and grade of the magnetite and potential direct shipping oxidised mineralisation.
- Shree's other exploration projects contain the appropriate geological setting for the development of the types of deposits being sought. Each project area contains a number of mineralised prospects and/or anomalies warranting further exploration.
- Shree's project areas, while remote in some measures, are generally reasonably well located with respect to access and infrastructure.
- Shree's current management, technical staff and contractors are experienced mineral industry professionals and have extensive experience in the exploration for the deposit styles most likely to be discovered within the project areas.
- Shree's planned exploration programs are appropriate for the types of deposits being sought.

04 DECLARATIONS

4.1 CAPABILITY AND INDEPENDENCE

Hellman & Schofield Pty Ltd ("H&S"), a geological consulting company based in Sydney, Brisbane and Perth, Australia, prepared this geological report at the behest of the directors of Shree Minerals Ltd. Simon Tear, a Consulting Geologist, has a BSc (Hons) in Mining Geology from The Royal School of Mines, London, UK and has over 25 years worldwide experience in the mineral exploration industry. He is a member of the IOM3 (21 years), the AusIMM (12 years) and the Institute of Geologists of Ireland (PGEO and EurGeol, both 15 years).

Simon Tear's Tasmanian experience consists of:

- Team Leader for CRAE's discovery of the Avebury Nickel deposit (1996).
- Completed resource estimates for the Nelson Bay Magnetite Deposit and the Halls Creek Os-Ir Deposit for Zelos NL (2006-7).
- Played a leading role in the discovery of a new style of carbonate hosted lead/zinc mineralisation at the Boss Prospect, Comstock, including identifying new Inferred Resources (2006-7).
- Completed resource estimates for the Mariposa and Oceana deposits for Zeehan Zinc (2005-2007).
- Data compilation reports for the Nelson Bay, Mt Bertha and Adamsfield Licences for Zelos NL (2005-2007).
- Devised and executed CRAE's and Noranda Pacific's carbonate hosted base metal programme in the Gordon Limestone near Zeehan (1995-6 and 2001 respectively).
- Undertook exploration on CRAE's Balfour copper licences in NW Tasmania (1996).
- Worked on the Lynchford (Sulphide Creek EL) gold licence for CRAE (1996/7).
- Project generation for sediment hosted gold targets for CRAE in Northern Tasmania (1996).
- Nickel project generation in Tasmania for Falconbridge (2002).

Other relevant experiences include:

- 10 years involvement in the resource estimation process including being a member of a feasibility study team.
- Completion of a series of resource estimates covering gold and base metal deposits in a range of countries including Australia, Iran, Kyrgyzstan and Saudi Arabia.
- Industry supervision of a MIRO sponsored research project into Platinum Group Mineralisation in the Unst Ophiolite, UK.
- Exploration experience in Cambro-Ordovician island arc related volcanic terranes similar to the Mt Read Volcanics in SE Ireland; explored around the Avoca Copper Mine (very similar scenario to Mt Lyell).
- Nine years gold exploration experience, mainly field related, including vein and 'Slate Belt' styles.
- Eight years project generation experience with Rio Tinto.

The above experiences and qualifications make Simon Tear adjudged to be a competent person under the JORC and VALMIN Codes for base and precious metals and has completed the section on metalliferous projects in accordance with the VALMIN Code.

Marianne Harvey, a Consulting Geologist and fulltime employee of M.E.G.M.S (a geological consultancy), has a BSc in Geology and has over 15 years experience in the mineral and coal mining industry. She is a member of the AusIMM.

Marianne Harvey's relevant experience includes:

- Six years database maintenance, geological modeling and resource estimation of coal deposits for open cut & underground mines, mainly in the Hunter Valley of NSW.
- One year exploration program planning & supervision and pit geology for the Blair Athol coal mine.
- Seven years geological modeling, including the application of geostatistical techniques for estimation of resources in both copper & stratabound lead-zinc-silver deposits at Mt Isa Mines.

The above experiences and qualifications make Marianne Harvey adjudged to be a Competent Person under the JORC Code and has completed the section on the Catamaran Coal Project in accordance with the VALMIN Code.

H&S is independent of all parties involved with the project activities described in this report. H&S will receive a professional fee based on standard rates plus reimbursement of out of pocket expenses for the preparation of this report. The payment of these fees is not contingent upon the success or otherwise of the proposed equity raising, pursuant to the prospectus within which this report is contained. There are no pecuniary or other interests, which could be reasonably regarded as being capable of affecting the independence of H&S or the undersigned.

H&S has consulted to Zelos/Gujarat over a period of two years since July 2006. The main Author has consulted to Zelos since October 2004.

H&S, the undersigned and members of the undersigned's family, have no interest in, or entitlement to, any of the project areas the subject of this report.

4.2 LIMITATIONS AND CONSENT

This report has been based on data, reports and other information made available by Shree, its affiliates or otherwise obtained through publicly available sources.

A draft copy of this report has been provided to Shree for comment as to errors of fact, omissions or incorrect assumptions. H&S has no reason to believe that the information provided by Shree is misleading or that any material facts have been withheld.

The opinions expressed herein are given in good faith and H&S believes that any assumptions or interpretations are reasonable.

With respect to the H&S report and its use by Shree and its advisers, Shree agrees to indemnify and hold harmless H&S its shareholders, directors, officers and associates against any and all losses, claims, damages, liabilities or actions to which they or any of them may become subject under any securities act, statute or common law, except in respect to fraudulent conduct, negligence or wilful misconduct, and will reimburse them on a current basis for any legal or other expenses incurred by them in connection with investigating any claims or defending any actions, except where they or any of them are found liable for, or guilty of fraudulent conduct, negligence or wilful misconduct.

This report is provided to Shree solely for the purpose of assisting potential investors in assessing the geological and technical issues as well as the potential risks associated with an investment in Shree and should not be used or relied upon for any other purpose. This report does not constitute a full technical audit but rather it seeks to provide an independent overview and technical appreciation of each of Shree's exploration projects. Neither the whole nor any part of this report, nor any reference thereto, may be included in, or with, or attached to any document or used for any purpose without H&S's written consent to the form and context in which it appears.

H&S has consented to the inclusion of its report in Shree's prospectus document dated on or about 19 November 2009 in the form and context in which it appears and has not withdrawn its consent prior to the lodgement of the prospectus with the Australian Securities and Investments Commission.

05 EXPLORATION FOCUS

Together, the tenements make up an opportunity-driven, multi-commodity exploration portfolio (Figure 1). The range of commodities to be searched for includes iron ore, nickel and platinum group elements (PGE's), gold and coal. A substantial component of the planned exploration programme will be well targeted diamond core drilling.

Some licences have had Inferred Resources delineated and Shree plan to improve the size and confidence of these resources. Thus the primary focus will be the Nelson Bay Iron Ore Project where a substantial magnetite resource has been identified along with drill indications of direct shipping ore ("DSO") in the form of oxidised iron-rich material. Shree also plan to explore areas outside the known resources, generally following up on encouraging exploration results utilising recent GIS digital data coupled with new geological ideas.

Shree has advised that the licences will be subjected to the following exploration:

Nelson Bay Iron Ore Project (ELs 41/2004 & 54/2008)

Continuation of the delineation of resources associated with the Nelson Bay Magnetite Deposit. This will involve more diamond drilling and metallurgical testing with the aim of converting Inferred Resources to Indicated Resources and expanding the resource. Follow up of recent diamond drilling of near surface iron oxide mineralisation will also be undertaken with the view to delineating DSO. There will be drill testing of peripheral magnetic anomalies for both magnetite and the possibility of copper-gold mineralisation (as per previous explorers). Mining studies will also be involved.

Adamsfield (EL 11/2006)

Undertake field exploration to locate economic grade stratiform platinum group mineralisation ("PGM") associated with the Adamsfield Ultramafic Complex ("AUC"). Detailed field work will comprise various ground-based geochemical and geophysical exploration techniques possibly in conjunction with reconnaissance drilling. Successful results from the above work will lead to the identification of diamond drill targets that will be tested in a timely manner.

Sulphide Creek (EL 43/2004)

Continuation of exploration for gold deposits, including a thorough data compilation exercise. This will include detailed reprocessing of geophysical and geochemical data in order to better define 3D geology and specifically improve structural delineation. All data sets will be merged into a Geographic Information System ("GIS") to assist the definition of high quality target models and will include the use of 3D software. Subsequent detailed field work will comprise various ground-based geochemical and geophysical exploration techniques possibly in conjunction with reconnaissance drilling. Successful results from the above work will lead to the identification of diamond drill targets that will be tested in a timely manner.

Catamaran (EL 32/2005)

Follow up previously reported successful exploration results for coal with open-hole and core drilling, aiming to delineate potential open-pit resources. Down-hole geophysical logging will be conducted to enable stratigraphic correlation and increase confidence in coal seam continuity across the lease. Success in finding the resources will result in product testwork and mining studies.

Mt Sorrell (EL42/2008)

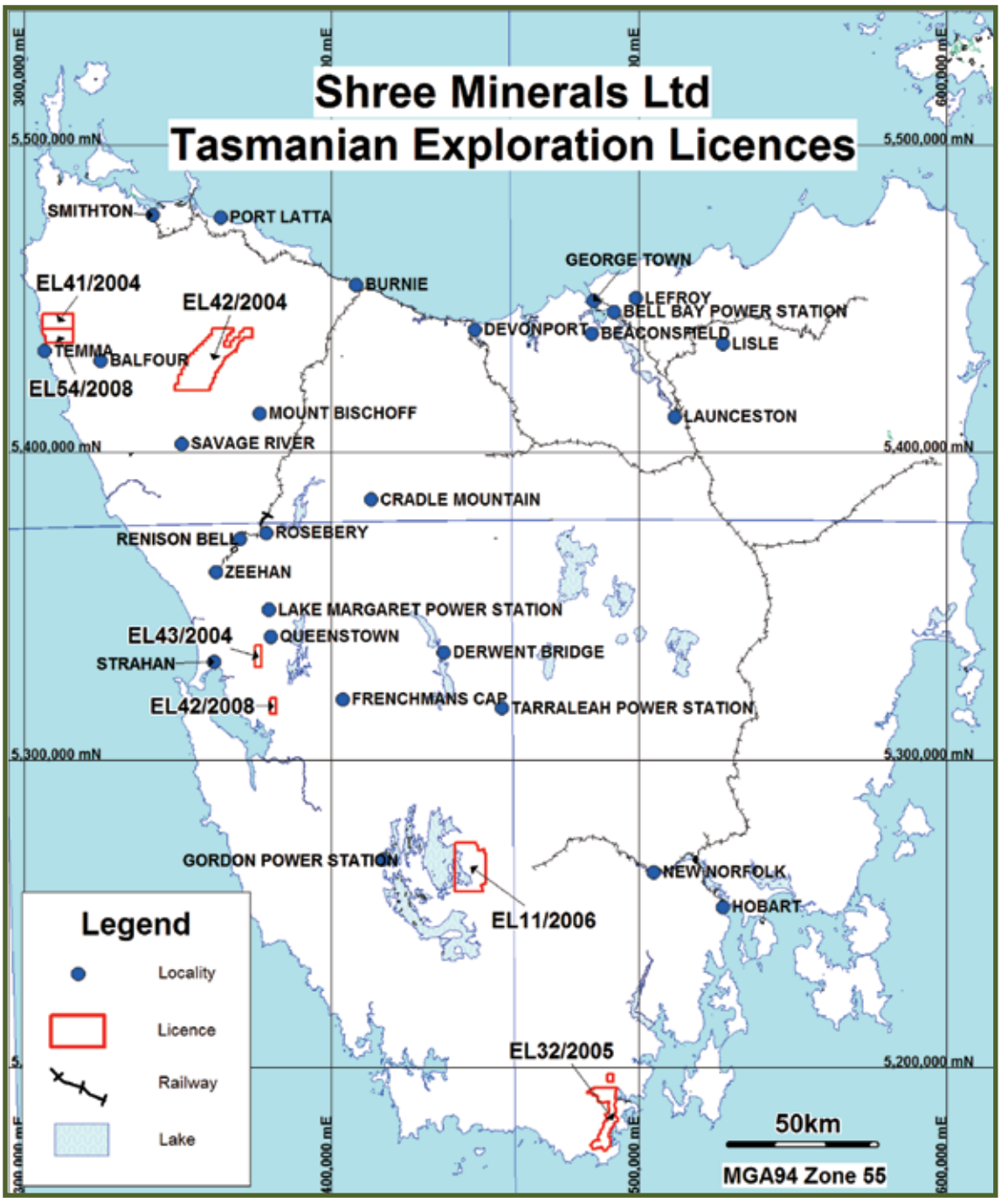
Aim to complete a thorough data compilation exercise including detailed reprocessing of geophysical and geochemical data in order to better define 3D geology and specifically improve structural delineation. All data sets will be merged into a GIS to assist the definition of high quality target models and will include the use of 3D software. Initial fieldwork will concentrate on locating the old base metal soil anomaly. Subsequent detailed field work will comprise various ground-based geochemical and geophysical exploration techniques possibly in conjunction with reconnaissance drilling. Successful results from the above work will lead to the identification of diamond drill targets which will be tested as soon as practicable.

Mt Bertha (EL 42/2004)

Follow up a previously completed geophysical study and verify the location of magnetic anomalies. Shree plan to conduct ground magnetic surveys over the anomalies to locate the airborne anomalies and to undertake EM soundings to give an indication of the basalt thickness. Successful results from the above work will lead to the identification of diamond drill targets.

Exploration programmes and budgets were supplied by Shree.

Figure 1 Shree Minerals Licence Location Map



06 INFRASTRUCTURE

In accordance with the VALMIN Code, the Author is required to comment on infrastructure factors which may affect exploration in the licence areas.

The current and past Tasmanian Governments have recognised the importance of mining to the state's economy and have endorsed a proactive programme in attracting mineral/mining related investment in particular exploration.

Due to the geographical distribution of the licences, the majority of Shree's exploration work will occur in Western Tasmania.

In Western Tasmania, plans for major upgrades to the area are under way as part of a fifteen year plan to improve the infrastructure in order to enhance the economics of mining. This project is called the Western Tasmania Regional Mineral Program ("WTRMP") and some of the proposed structural upgrades include:

- The stimulation of a substantial increase in exploration expenditures, which is now occurring.
- Competitive energy costs by introducing gas to the state and connecting the state via the Basslink electricity cable to mainland Victoria.
- Designate Port Latta on the NW coast to become a 2nd focus for possible future industrial and mineral processing development.
- Proposed road upgrades and rail extensions.

Details of the WTRMP are outlined in two reports that are available on the MRT website (www.mrt.tas.gov.au):

1. Guide for Industry Development.
2. Final Regional Development Plan.

At present there are a number of operational mines in Tasmania (Figure 2), particularly in the west. These mines usually have a small town attached to them with power supplies and labour forces available for any new development. A railway line runs from Burnie on the north coast to Melba Flats, approximately 5km north of Zeehan and is used for transporting concentrate shipments.

Gaining access to the key geological areas is an important aspect when undertaking mineral exploration in Tasmania, particularly in the more remote regions. West Tasmania consists of a relatively few small towns connected by a small number of sealed roads. Off-road access is severely restricted by hilly to mountainous terrain and dense vegetation, compounded by flat areas of peat bog. Old 4WD tracks developed by previous explorers and timber trails created by forestry companies can greatly assist access but these can be in disrepair and may require substantial works in order to restore them. In some remote instances, a field camp supplied by helicopter will be needed in order to undertake the exploration programme. All of Shree licences could conceivably require some helicopter support for access and exploration work.

Getting access into dense vegetation areas is usually on foot along lines cut by professional line cutters with chainsaws. This clearance work is done in accordance with MRT's Exploration Code of Conduct.

West Tasmania's mining operations and a history of lively mineral exploration have together generated the existence of many locally based support businesses for mineral exploration e.g. geological consultants, line cutters, field technicians, drilling companies, helicopter operators, equipment suppliers etc.

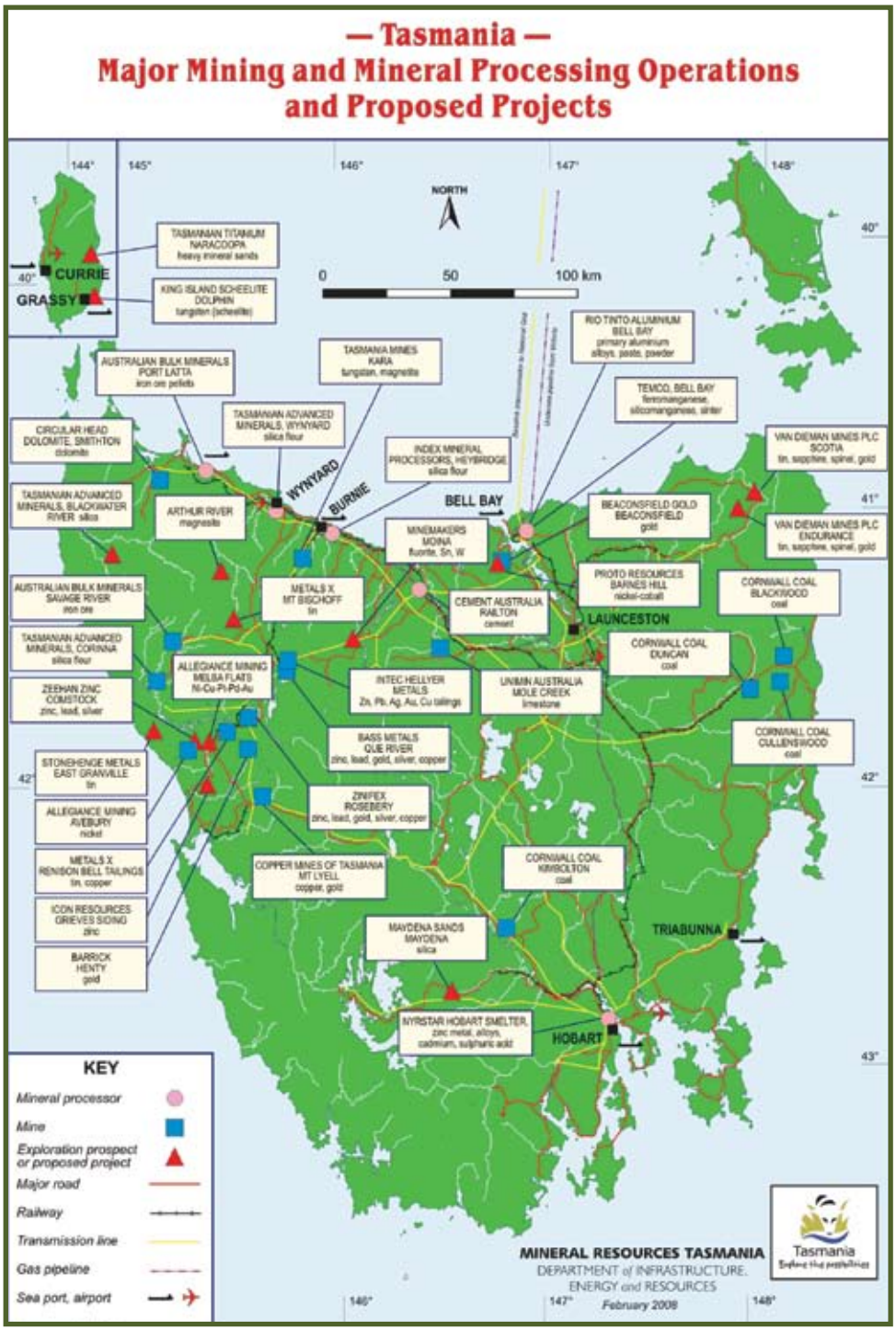
The majority of the Catamaran exploration licence in the south of the state is situated within forestry land, and as such is accessed by relatively well-maintained un-sealed roads. The availability of earthmoving equipment within the area could assist in any ground preparation required for exploration within the licence.

The area of primary exploration focus for Shree Minerals at Catamaran is well south of the Ida Bay Township, although part of the town lies within the EL. The communities of Moss Glen, Catamaran and Cockle Creek are all situated outside the lease boundary.

Searches of the Department of Infrastructure, Transport, Regional Development and Local Government, as well as the Huon Valley Council websites yielded no information on planned infrastructure/development of the Catamaran area.

Proximity of the Catamaran lease to the Southport Conservation Area will, however, require diligence in applying measures to limit environmental impact from exploration activities.

Figure 2 Major Mining and Mineral Processing Operations



(source MRT)

07 REGIONAL GEOLOGICAL SETTING OF PROJECTS

Tasmania has been geologically divided by MRT into seven Proterozoic-Lower Palaeozoic regions or "Stratotectonic Elements", each with a different geological history and economic mineral associations. The Shree exploration licences lie within several of these elements (Table 1 & Figure 3).

Table 1 The Stratotectonic Element list related to the Shree tenements

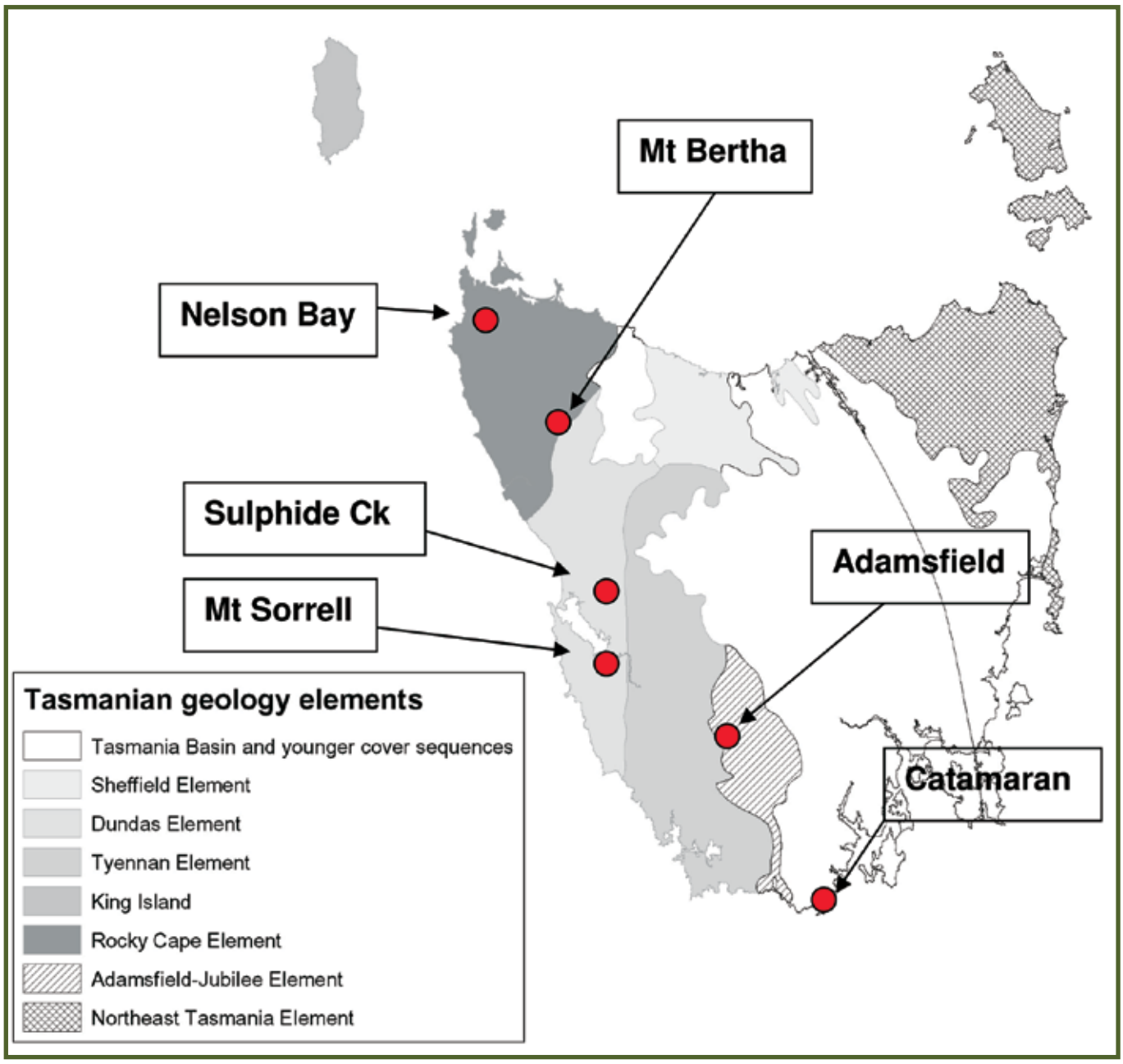
Element Name	Licence Name	Mineral Deposit Association
Rocky Cape	Nelson Bay Rebecca Ck Mt Bertha	Savage River Iron Ore, Balfour Copper, Magnesite deposits
Dundas	Sulphide Creek Mt Sorrell	Rosebery and Hellyer Cu, Pb & Zn mines, Mt Lyell Cu-Au Mine, Henty Au Mine, Renison Tin Mine, Avebury Nickel Mine
Sheffield	Mt Bertha	Mount Bischoff Tin Deposit, tungsten skarns and numerous small skarn deposits
Adamsfield-Jubilee	Adamsfield	PGE mining
Northeast Tasmania		Beaconsfield Gold Mine, NE Tasmania Goldfields & Anderson's Creek Nickel
Tasmania Basin	Catamaran	Coal Measures

As a result of orogenesis and multiple subduction episodes these elements or terranes were welded together during geological history, which has produced the current geological configuration for Tasmania.

An abbreviated stratotectonic history of Tasmania is detailed below:

1. Formation of basement as Early Neoproterozoic-aged shelf clastic sedimentation with an age range of 900-1000 million years ago (ma) followed by a major orogenic event at 760ma, which included granite intrusions. This produced the Rocky Cape Element.
2. A failed rift episode then followed with its associated clastic sedimentation and volcanic inputs ensued by a second, successful rift event that happened in the Late Neoproterozoic to Early Cambrian. This added an assortment of units including mafic lavas to the Rocky Cape Element.
3. An island arc-continent collision east or northeast of Tasmania occurred in the late Early Cambrian and the emplacement of a series of allochthonous slices across Tasmania, including oceanic assemblages (ultramafics and associated mafic lavas) and other units. This formed the Dundas, Sheffield, Tyennan and Adamsfield-Jubilee Elements.
4. A series of Mid to Late Cambrian clastic basins developed post-collision and were concomitant with major calc-alkaline volcanism – the Mt Read Volcanics ("MRV") which contain a world class volcanogenic hosted massive sulphide (VHMS) province.
5. This was followed by Late Cambrian orogenesis comprising fold belt style tectonics at 500-510ma and includes some thrust stacking of units.

Figure 3 Geology Elements for Tasmania



(source MRT)

6. The establishment of a state-wide clastic basin began in Late Cambrian times with initial basal conglomerates overlain by limestone lithologies followed by a gradually deepening marine clastic sequence up to Mid Devonian times. At the same time the Northeast Tasmanian Element developed as a turbiditic basin, quite distinct from the other elements and lies east of an inferred subduction suture zone.
7. Cessation of sedimentation was caused by uplift and erosion associated with the Tabberabberan Orogeny (Mid-Devonian) and with the subsequent intrusion of Late Devonian to Early Carboniferous granites. This included the Heemskirk, Meredith and the Northeast Tasmanian Granites, with the first two causing modifications to the Cambrian morphology via structural overprints and hydrothermal alteration effects. These granite intrusions resulted in the formation of many skarn and vein deposits for tin, nickel, lead/zinc etc. The tectonism also resulted in the structurally controlled Henty gold deposit. In Northeast Tasmania the Devonian-aged intrusions and deformation are associated with gold (and tin) mineralisation.
8. The Tasmania Basin is a 20,000km^2 sedimentary basin comprising 1,500m of Permo-Triassic clastic material (Seymour and Calver, 1995) unconformable on the basement. These sediments comprise a series of undifferentiated glacial, glacio-marine and non-marine sedimentary rocks with coal measures (the Catamaran Project) and minor limestones. The sediments have been intruded by a series of Jurassic dolerite transgressive sills/dykes with occasional associated extrusive basalts as a result of continental break up associated with Jurassic and Tertiary global events. Continental extension and rifting began in Mid Jurassic times with separation occurring in the Mid Cretaceous. Major Jurassic dolerites related to a Gondwana event occur as sills across Tasmania and are similar to the Karoo series in Africa.
9. Subsequent Cainozoic rocks for Tasmania comprise relict Tertiary basalt flows and associated scree deposits. Quaternary sediments consist of a variety of sand, gravel and mud of alluvial, lacustrine and littoral origin. In addition there are also remnants of Pleistocene glacial deposits.

A list of the major Tasmanian mineral deposits is included as Table 2.

There is a limited amount of coal mined within Tasmania, all of which comes from Cornwall Coal's 3 operations (a wholly owned subsidiary of Cement Australia). Two of these operations are in the NE of the state, Blackwood Colliery and Huntsman O/C, and Kimbolton O/C is near Hamilton in the south.

Coal production in Tasmania for the year ending June 30th, 2008 was 725,490 ROM tonnes for 436,544 tonnes of washed product.

No pre-mining resource figures were available for Tasmanian coal mines.

Table 2 Major Mineral Deposits of Tasmania

Mine or Deposit	Mineral Style	Commodity	Pre-Mining Resource Figures
Mt Lyell	Volcanic hosted disseminated	Cu, Au	311Mt @ 0.97%Cu and 0.31g/t Au
Rosebery	Volcanic hosted massive sulphide	Zn, Pb, Ag, Cu, Au	32Mt @ 0.6%Cu, 14.4%Zn, 4.2%Pb, 148g/t Ag & 2.3g/t Au
Hellyer	Volcanic hosted massive sulphide	Zn, Pb, Ag, Cu, Au	16.5Mt @ 0.38%Cu, 13.9%Zn, 7.2%Pb, 169g/t Ag & 2.55g/t Au
Que River	Volcanic hosted massive sulphide	Zn, Pb, Ag, Cu, Au	3.3Mt @ 0.7% Cu, 7.4%Pb, 13.3%Zn, 195g/t Ag and 3.3g/t Au
Hercules	Volcanic hosted massive sulphide	Zn, Pb, Ag, Cu, Au	3.33Mt @ 0.4%Cu, 17.3%Zn, 5.5%Pb, 171g/t Ag & 2.8g/t Au
Henty	Structurally controlled/vein	Au	2.83Mt @ 12.5g/t Au
Beaconsfield	Structurally controlled/veins	Au	3.07Mt @ 20g/t Au
Renison Bell	Skarn	Sn	26Mt @ 1.46% Sn
Cleveland	Skarn	Sn	12.4Mt @ 0.62% Sn and 0.25%Cu
Mt Bischoff	Skarn	Sn	10.54Mt @ 1.1% Sn
Queen Hill	Skarn	Sn	3.6Mt @ 1.2% Sn
Savage River	Massive magnetite	Fe	371Mt @ 31.9%Fe
Main Creek	Magnesite	Mg	47.4Mt @ 43.4% MgO
Keith River	Magnesite	Mg	29Mt @ 42.8% MgO
King Island	Skarn	W	13.4Mt @ 0.64% WO_3
Kara	Skarn	W	2.2Mt @ 0.8% WO_3
Avebury	Skarn	Ni	11.93Mt @ 1.1% Ni
Melba Flats	Mafic hosted massive sulphide	Ni	7400t of ore @ 10% Ni & 5% Cu (historical production)
Oceana	Carbonate hosted	Pb, Ag, Zn	2.1Mt @ 5.2%Pb, 1.6%Zn & 46g/t Ag
Zeehan Field	Lode/veins	Ag, Pb	0.19Mt Pb,26Moz Ag,71t Zn,945t Cu & 5.3t Sn (historical production)
Comstock	Replacement	Zn, Pb, Ag	1.56Mt @ 3.2%Pb, 3%Zn, 66g/t Ag
Balfour	Structurally controlled	Cu	6177t of Cu Ore at 20-30% Cu (historical production)
Grieves	Carbonate hosted and oxidised	Zn oxides	Small resource

(source MRT)

08 EXPLORATION PROPERTIES

8.1 NELSON BAY IRON ORE PROJECT EL 41/2004 & 54/2008

The Nelson Bay Iron Ore Project comprises a small massive magnetite deposit with characteristics potentially suitable for the production of either heavy media or pellets. It also includes possible DSO in the form of hematite and goethite material formed from the surface oxidation of the magnetite host unit, down to an approximate depth of 30m below surface.

Location

The Nelson Bay Iron Ore Project comprises two contiguous licences, EL 41/2004 and EL 54/2008. The licences measure 50km^2 and 42km^2 respectively and are located about 5km east of the small township of Temma, and about 70kms southwest of Smithton, in North West Tasmania.

Nearby road access to the property is via the Temma and Heemskirk sealed roads, with some very good forestry tracks reaching to within a kilometre of the main Nelson Bay prospect. Previous explorers have created additional 4WD tracks to access some of the other prospects on the licence areas, which may require some refurbishment for 4WD use.

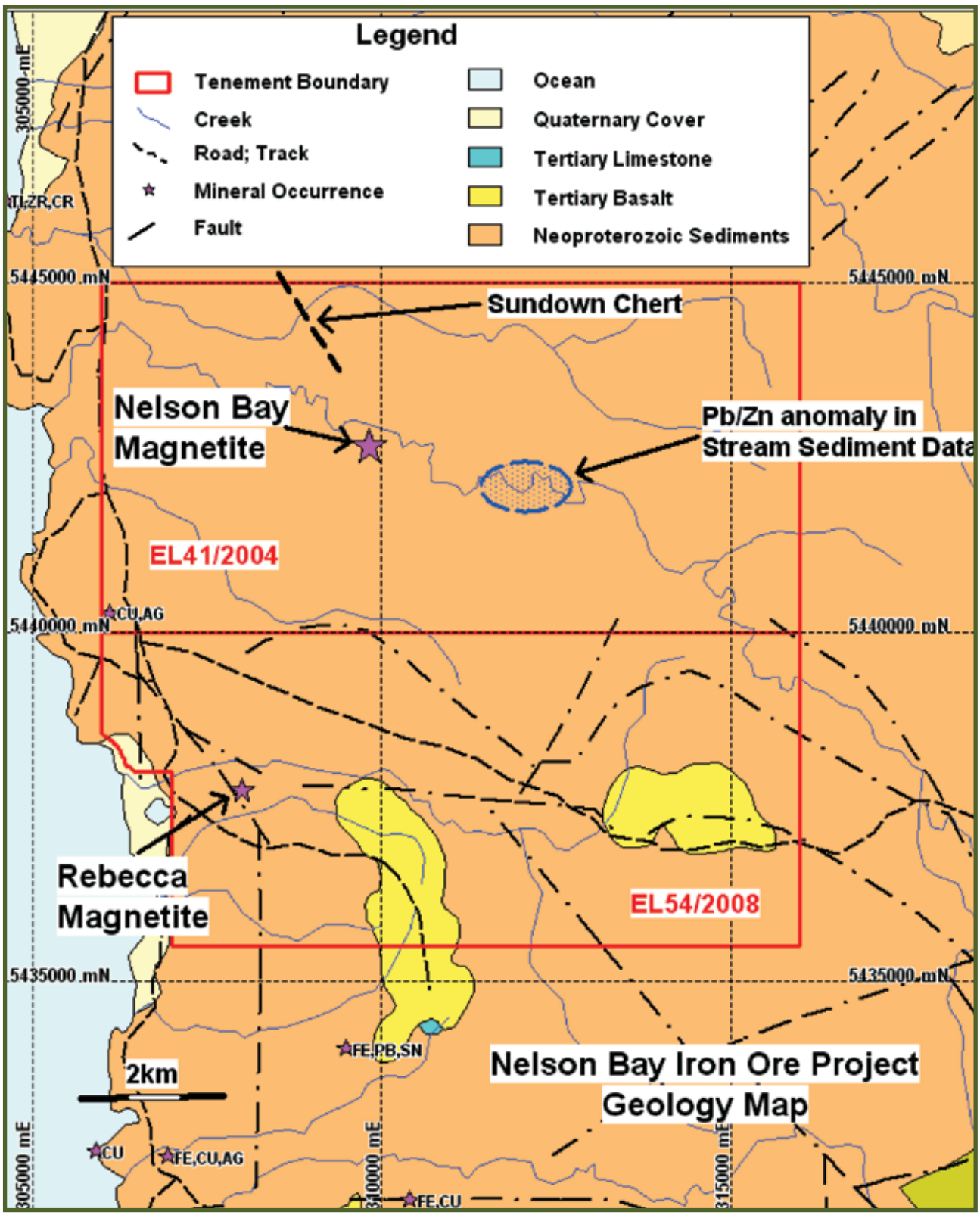
Geological Setting and Mineralisation

The geology of the Nelson Bay licences consists of mixed siltstones, sandstones and carbonaceous mudstones of the Cowrie Siltstone, part of the Rocky Cape Stratotectonic Element (Figure 4). This element consists of Early Neoproterozoic autochthonous marine shelf clastic sequences that are metamorphosed to lower greenschist facies. CRAE Pty Ltd undertook mapping of the general area in 1983 and 1997, which indicated a mixed sequence of northwest striking clastic sediments with cherts, chloritic siltstones (possibly volcanic tuffs) and black shales. CRAE's detailed work noted the presence of a possible volcanic sinter in conjunction with the tuff units. Locally there are varying quantities of pyrite within the sediments and pyritic quartz veins developed in fault zones were observed. A black carbonaceous chert was found in Sundown Creek with anomalous levels of lead and arsenic. This unit is along strike from the Nelson River Iron occurrence (as listed in the MRT mineral occurrence database). Within EL 54/2008 there are minor outliers of Tertiary basalt overlying the Proterozoic rocks.

The MRT airborne magnetic data indicates a domain of weak to moderate magnetic relief for most of the two licences. This domain hosts a series of elongate, NW striking, strong amplitude magnetic features (Figure 5). One of these magnetic features, a 4km long structure lying within EL41/2004, is known as the Nelson River Iron mineral occurrence (MRT mineral occurrence database). A second significant magnetic feature, similar in style to the Nelson River occurrence, exists 5km further south on EL 54/2008 and is known as the Rebecca Magnetite occurrence.

The Nelson River Iron occurrence is hosted by a 10 to 28m wide mafic dyke-like structure that cross cuts the stratigraphy at right angles. Amphibolite grade alteration associated with the structure suggests a high temperature skarn assemblage and the lack of a foliation indicates a possible Devonian age, although mapping of similar features in the general area by MRT suggests a Neoproterozoic age. Mineralisation consists of disseminated to massive magnetite within siderite, stilpnomelane and garnet gangue. The mineralisation has been oxidised by surface weathering to an approximate depth of 30m below surface to form a mixture of hematite gossan and goethite and hematite clays with iron grades up to 63%.

Figure 4 Nelson Bay Geology Map

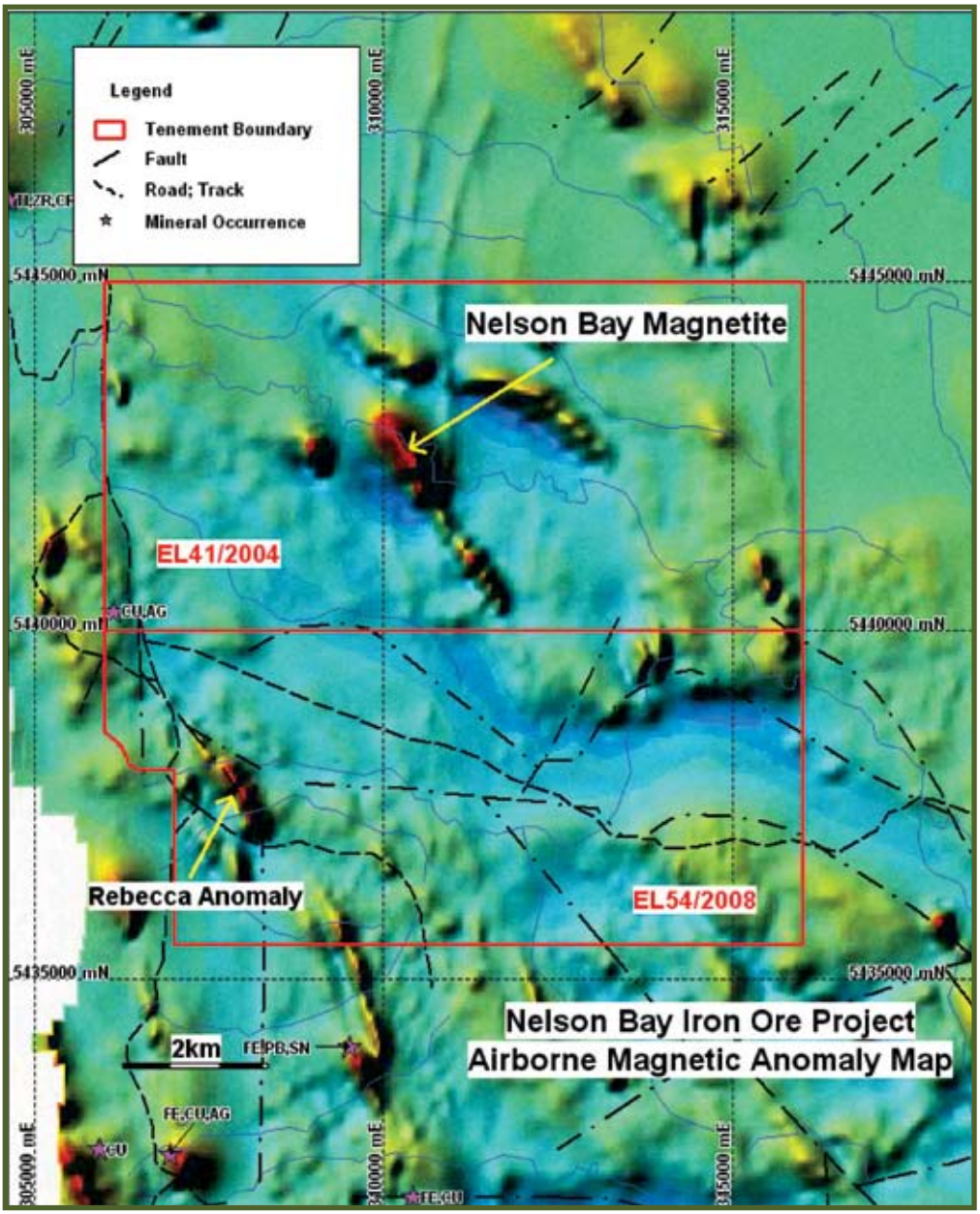


(source MRT)

The Rebecca Anomaly (Figure 5) consists of a moderate to strong NW-striking magnetic feature about 900m long within an overall structure, 1.8km in length. From historical mapping the anomaly corresponds to a 2-3m wide quartz-magnetite-pyrite lode which dips steeply to the SW with iron values up to 31% Fe recorded in surface rock samples. Two shallow historical shafts were sunk on the lode targeting massive pyrite and gossan material. No significant payable material was recorded

and no drilling has been completed. Elsewhere within the magnetic domain there are other similar high amplitude magnetic anomalies to the south of Shree's licences, some of which have been diamond drill tested e.g. Strickland, Little Eel and Possum Creek. Similar style rocks and mineralisation to the Nelson River Iron occurrence have been intersected by the drilling e.g. at Strickland drillhole T301 intersected 22m of high grade magnetite and siderite mineralisation with an average iron grade >40%.

Figure 5 Nelson Bay Area Total Magnetic Intensity Map

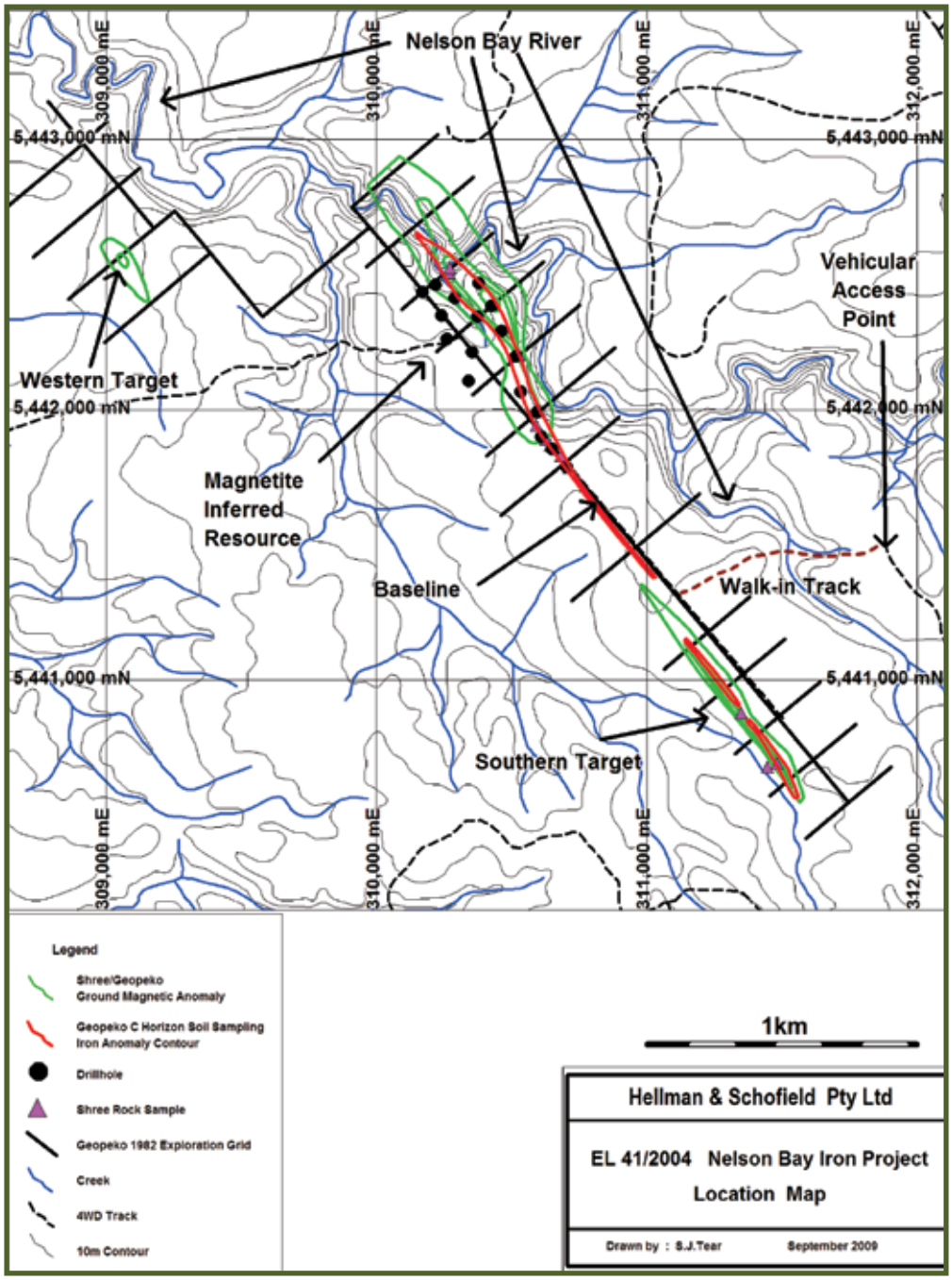


(source MRT)

A third undrilled mineral occurrence, Couta, occurs at the southwest corner of the EL41/2004. This is a copper/silver anomaly with a minor arsenic and gold. Previous historical drilling by ACI in the 1970's in the northeast of this licence was completed as part of their Balfour Copper Project.

Historical exploration over a 30 year period for the two Nelson Bay licences was principally undertaken by Pickands Mather, Geopeko, CRAE and Pacific Nevada. This work at Nelson Bay established the strike extent of iron-rich outcropping material coincident with two ground magnetic anomalies, a northern (main) target and a southern target, both with a corresponding C soil horizon iron anomaly (Figure 6). Diamond drilling established the cause of the anomalies in the northern target area and confirmed the down dip character of the surface oxide mineralisation as disseminated to massive magnetite in a mafic dyke.

Figure 6 Nelson Bay Iron Project Location & Target Map

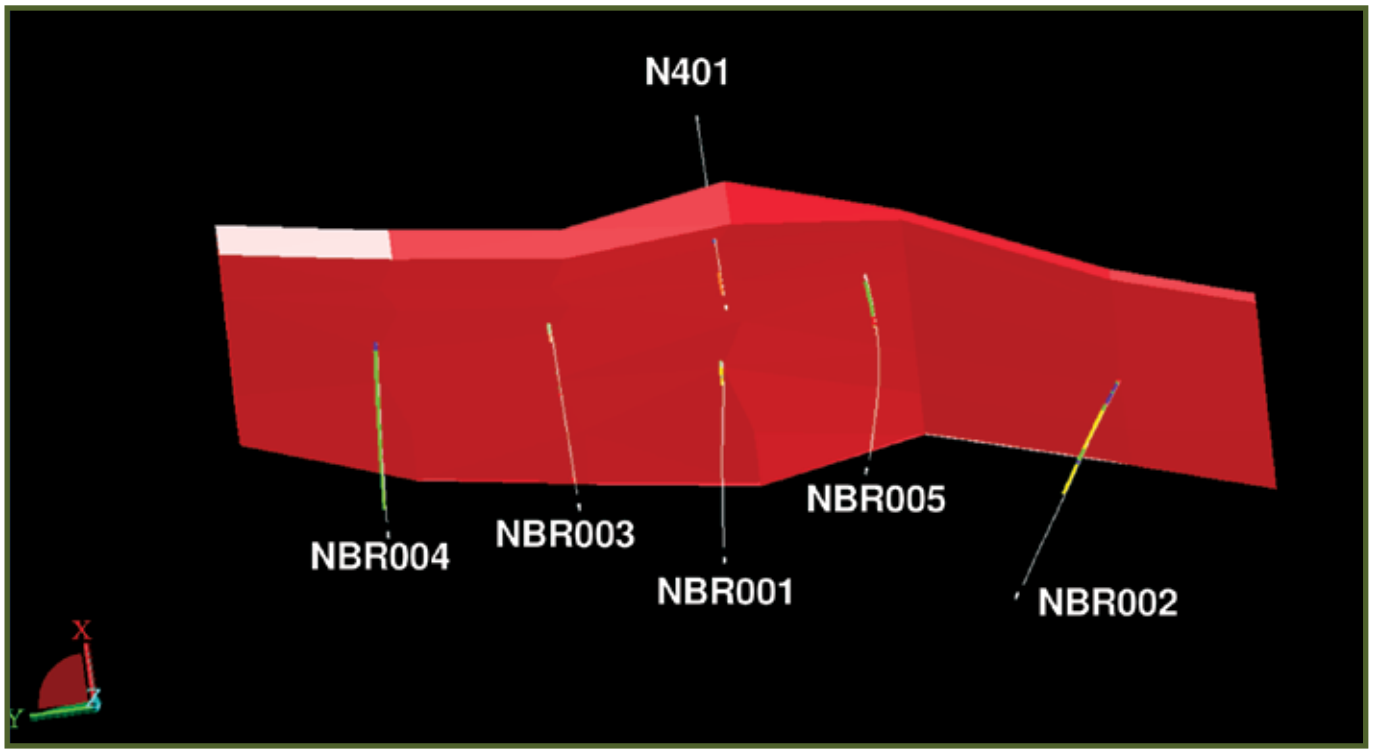


In addition recent exploration work has been completed by Zelos NL and Shree Minerals Ltd. Work completed by Zelos in 2006 included:

- Three angled diamond drillholes totalling 564.4m with Davis Tube Recovery (DTR) tests for magnetite on the relevant intervals.
- DTR tests on the magnetite zones within old holes NBR001 and NBR002.
- Surveying of all drillholes using a registered surveyor.
- A bulk sample for metallurgical recovery tests with positive results.
- One vertical hole to test surface gossan material away from magnetic anomaly (NBR006).

The combination of diamond drilling, historical mapping, soil sampling and the ground magnetic survey has allowed for an Inferred Resource to be estimated. H&S completed a resource estimate in 2007 following on from an earlier resource estimate completed by SMGC Pty Ltd in 2005. The deposit has the dimensions of 400m long by an average of 220m down dip with a range in true thicknesses from 2.2m at the southern end (NBR002) to 27m in the middle (NBR001) to 18m at its northern end in NBR004 (Figure 7). The deposit dips 65ºC to the south west. Geological modelling took into account the likely impact of the surface weathering of the lode.

Figure 7 Nelson Bay Magnetite Mineral Shape and Drillholes (Tear, 2007)



(looking north east and down, holes drilled from the south west; drillhole spacing approx 100m)

The resource estimation used a half distance sectional polygonal method and an estimated bulk density of 4t/m^3 based on a back calculation from the drillhole iron assays. These features combined to give the following resource reported to the 2004 JORC Code and Guidelines:

Inferred Resources of 6.9Mt at 38.2% magnetite (20% magnetite cut off)

This equates to a contained magnetite content of **2.6Mt**.

Subsequent exploration at Nelson Bay was undertaken by Shree in 2009 and comprised (see Table 3 and Figure 8):

- Ground magnetic survey to confirm the shape, magnitude and location of the 1982 Geopeko ground magnetic anomalies.
- Surface rock chip sampling over the outcropping iron mineralisation for the northern and southern targets.
- Two angled diamond drillholes for 233.9m testing the northern end of the northern target magnetite mineralisation.
- Eight angled diamond drillholes for 267.9m testing the iron-rich oxide portion of the northern target magnetite lode.

This work confirmed the up dip expression of the magnetite lode to be of a similar nature to the earlier Zelos drilling. It also established 1km of strike length and an estimated average width of 10m for the oxide iron mineralisation. This mineralisation extends to the south beyond the magnetic anomaly and remains open to the south where it is in line with the southern magnetic target and is interpreted to join up with the latter. The 2009 drilling data has not yet been included in the current resource but it is Shree's intention to re-estimate the resource in the immediate future. It should be noted that core recoveries for the oxide mineralisation ranged between 48 and 89% on a per hole basis.

Figure 8 Nelson Bay Iron Project Drillholes & Anomalies

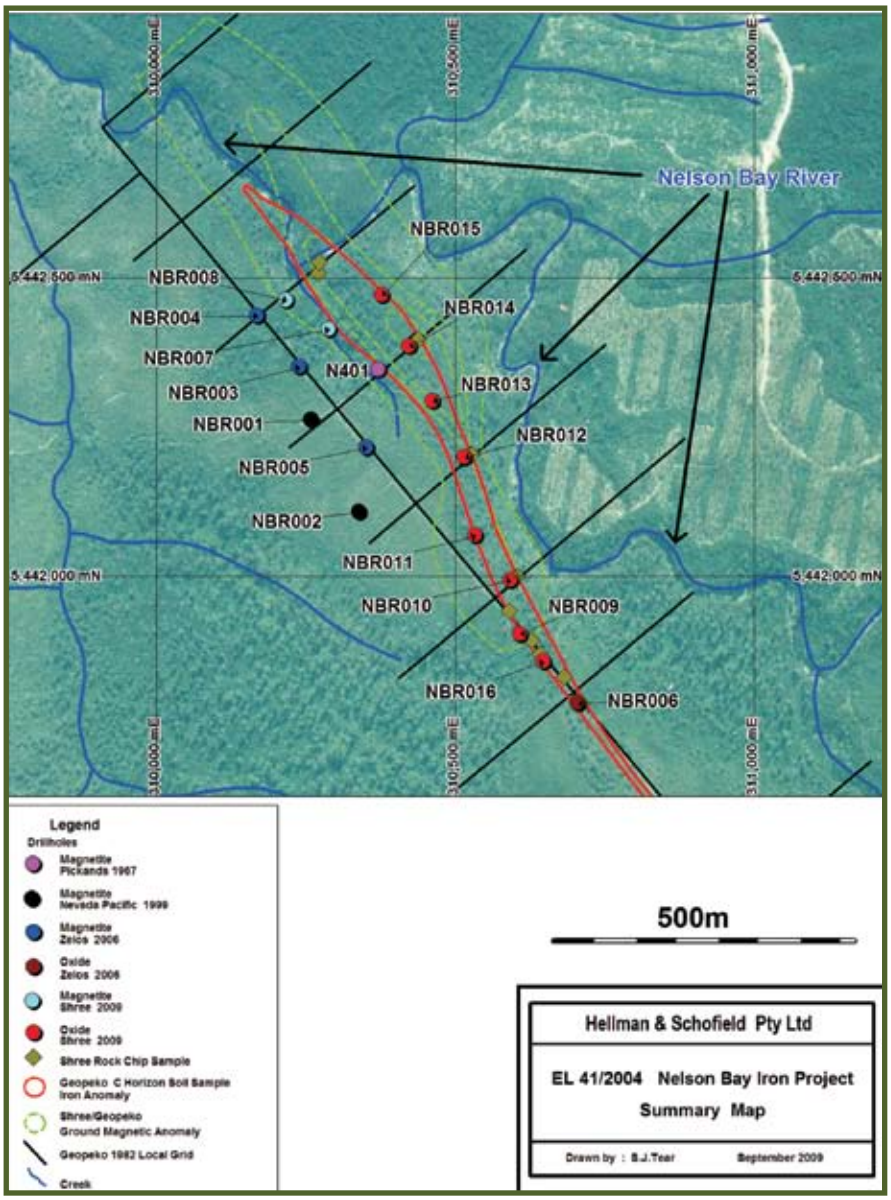


Table 3 Nelson Bay 2009 Drilling Results

Oxide Mineralisation			40% Fe cut off	
Hole No	Downhole Interval (m)	From (m)	Fe Grade %	Comment
NBR006	13	6	50.8	Beyond mag anomaly
NBR009	12	36	59.8	Beyond mag anomaly
NBR010	13	5	51.6	
NBR011	2	36	45.5	Low grade zone
NBR012	10	3	46.8	Up dip of NBR002
NBR013	11	15	47.7	
NBR014	13	11	49.2	Up dip of N401
NBR015				Missed target
NBR016	11	21	60.8	Beyond mag anomaly
Magnetite Mineralisation			**20% magnetite cut off**	
Hole No	Downhole Interval (m)	From (m)	Magnetite %	Comment
NBR007	20	56	32.0	Up dip of NBR003
NBR008	11	95	42.0	Up dip of NBR004

The southern target comprises an 800m long magnetic anomaly, narrower in width to the northern magnetic anomaly. Surface rock sampling of gossan material has yielded iron grades up to 40% with a coincident 'C' horizon historical soil anomaly.

The 2006 Zelos testwork included composite chemical analysis, dry magnetic separation at 600 Gauss, Davis Tube analyses at 1000 Gauss (wet magnetic separation), bond work index, and liberation sizing assessment for waste rejection. The additional testwork for the magnetite assessment was conducted to provide information for future scoping and feasibility studies. Work was completed by SGS Laboratories in Perth, WA.

The chemical analysis of the raw bulk composite is shown in Table 4.

Table 4 Assay Values of Magnetite Composite Sample

Component	%
Fe	40.9%
SiO_2	22.6%
Al_2O_3	1.15%
MgO	3.46%
S	1.75%
P	0.01%

Analysis of the magnetite utilised a series of dry magnetic separation phases in conjunction with subsequent Davis Tube analyses (wet magnetic separation of dry magnetic fraction). The composition and recoveries for the magnetite are shown in Table 5.

Table 5 Composition & Recovery of Magnetic Fraction

Sample particle size [dry magnetic separation]	Sample particle size [DTR]	Magnetic fraction recovery (%)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	S (%)	P (%)
-3.35 mm	95%-75um	57.0	69.9	1.58	0.05	0.08	0.00
-2.0 mm	95%-75um	61.3	70.1	1.57	0.06	0.10	0.00
-0.5 mm	95%-75um	61.1	70.4	1.49	0.05	0.08	0.00

The Phase 1 testwork indicated that magnetite recovery by weight should be in the range 57–61% with an Fe grade >69.0% and SiO_2 <1.6%, Al_2O_3 <0.05%, S <0.1% and P <0.01%. This implies that >96% of the magnetic material is magnetite.

The above results indicate that material equivalent to the composite sample from the Nelson Bay Magnetite deposit can produce marketable magnetite concentrate for either heavy media markets or pellet production.

An initial Conceptual Mining Study of the Nelson Bay Iron Ore was commissioned by Zelos in March 2006 to look at the open cut mining potential of the Inferred Magnetite Resource of 4Mt of ore to a depth of 225m detailed in the SMGC report of November 2005 (Tear 2005). The initial 2006 study was done by the Minserve Group Pty Ltd and was later updated by them in July 2007 for Gujarat NRE Resources NL to incorporate the results of additional geological investigations by Zelos, which defined the Inferred Resource of 6.9Mt @ 38.2% magnetite (20% magnetite cut off) equating to 2.6Mt of magnetite material. Written permission has been given by Minserve to refer to the report in this document.

Both studies looked at developing the resource as an open cut to produce a ROM product that would undergo beneficiation to a saleable product. Three processing options were nominated. One option involved the production of magnetite for heavy media use in coal washeries. The other two options looked at the production of a product suitable for smelting e.g. production of pellets. Indicative order of magnitude minesite operating costs and project costs were derived for each case.

Two conceptual open cut designs were evaluated once the deposit had been accurately located relative to the Nelson Bay River. The first case looked at diverting the river and mining the resource to a depth of 220m in order to mine all of the resource available. The second case also assumed that at the end of the open cut, ore left in the pillar could be mined, in part, by underground mining if geotechnical investigations concluded this was feasible. With the first option all waste would need to go to out-of-pit waste dumps but no waste dump design was attempted.

The order of magnitude costing for the preferred coal washery product option showed that based on reasonable assumptions as of mid-2007 there is good justification for the continued evaluation of an open pit operation.

The study also stated that only broad metallurgical concepts have been addressed and that Shree proposes to do more detailed work during the next stage of the project including the development of process flowsheets. Shree also propose to consider capital and operating costs incorporating site infrastructure requirements and various other costs. In summary the results of the conceptual study support continuing the evaluation of the deposit.

The conceptual study did not take into account government royalties, local government contributions/charges, taxation, project life considerations or the time value of money. Caution should be exercised in considering Inferred Mineral Resources in technical and economic studies.

Exploration Programme

Shree's exploration plans and strategies for this tenement (as advised to the Author) will primarily target the Nelson Bay magnetite and direct shipping oxide mineralisation. The majority of the exploration work will be diamond drilling and mining studies as per the plan below.

1. Drilling to define the strike limits of the resources for the northern target area.
2. Infill drilling of the northern target to allow for upgrading of the resources.
3. Complete a revised resource estimation for the magnetite resource and produce a new resource estimate for the DSO material.
4. Undertake metallurgical testing and geotechnical studies.
5. Develop an ore processing design and mine design studies with the aim of commencing Ore Reserve studies.
6. Drilling to test the southern Nelson Bay anomaly and the Rebecca anomaly.

The proposed programme and budget is considered by the Author to be appropriate for the level of work intended (Table 6). The project will be results driven and thus some modifications to the programme may be required as field results are obtained.

Table 6 Nelson Bay Iron Ore Project Exploration Budget

	Minimum Subscription Cost A$	Over Subscribed Cost A$
Nelson Bay EL 41/2004		
Track upgrade	100,000	100,000
Diamond drilling	546,000	814,500
Metallurgical testwork	50,000	100,000
Resource estimation	100,000	100,000
Geotechnical studies	100,000	100,000
Plant design	100,000	100,000
Mine design/ mine reserve study	100,000	100,000
Tenement rental etc	2,500	5,000
DEMP	0	100,000
Project initiation	250,000	550,000
Total	**$1,348,500**	**$2,069,500**
Rebecca Creek EL 54/2008		
Drilling	65,000	65,000
Reporting & evaluation	10,000	10,000
Tenement rental etc	1,000	2,000
Total	**$76,000**	**$77,000**

Exploration Potential

In addition to looking to expand the magnetite and oxide resource base at Nelson Bay and Rebecca there is potential on the two licences for other deposit types as indicated below:

1. Iron oxide copper/gold type mineralisation associated with some of the other small discrete magnetic anomalies.
2. Structurally controlled copper mineralisation possibly similar to the Balfour area in the SE of the licence area.
3. VHMS mineralisation related to the tuffs and volcanic sinter as suggested by the 1983 CRAE mapping.
4. MRT has indicated that there is a potential for fine grained clastic hosted lead/zinc mineralisation on account of the presence of pyritic and carbonaceous shales in the Cowrie Siltstones. This was also inferred from the nearby 1996 CRAE mapping.

8.2 ADAMSFIELD EL 11/2006

Location

The exploration licence application EL 11/2006 measures 150km^2 and is located 70km west-northwest of Hobart within the Franklin-Gordon Wild Rivers National Park, a World Heritage Area ("WHA").

The licence is part of an area excised from the World Heritage Area that is designated for mineral exploration and exploitation. Evidence of substantial past human activity is demonstrated by the Adamsfield Township, the trial workings at Halls Open Cut and the numerous old sluicing operations that went on in the 1920's and 1930's. Shree have secured access to all parts of the tenement through diligent negotiation with other stakeholders.

Road access is good with a bitumen road running close to the south eastern half of the licence boundary. Reasonable 4WD tracks from previous explorers provide access to a substantial section of the main target rocks. These tracks are still in good order although locally may need some refurbishment. Some targets are within remoter areas of the licence and may require helicopter-supported access.

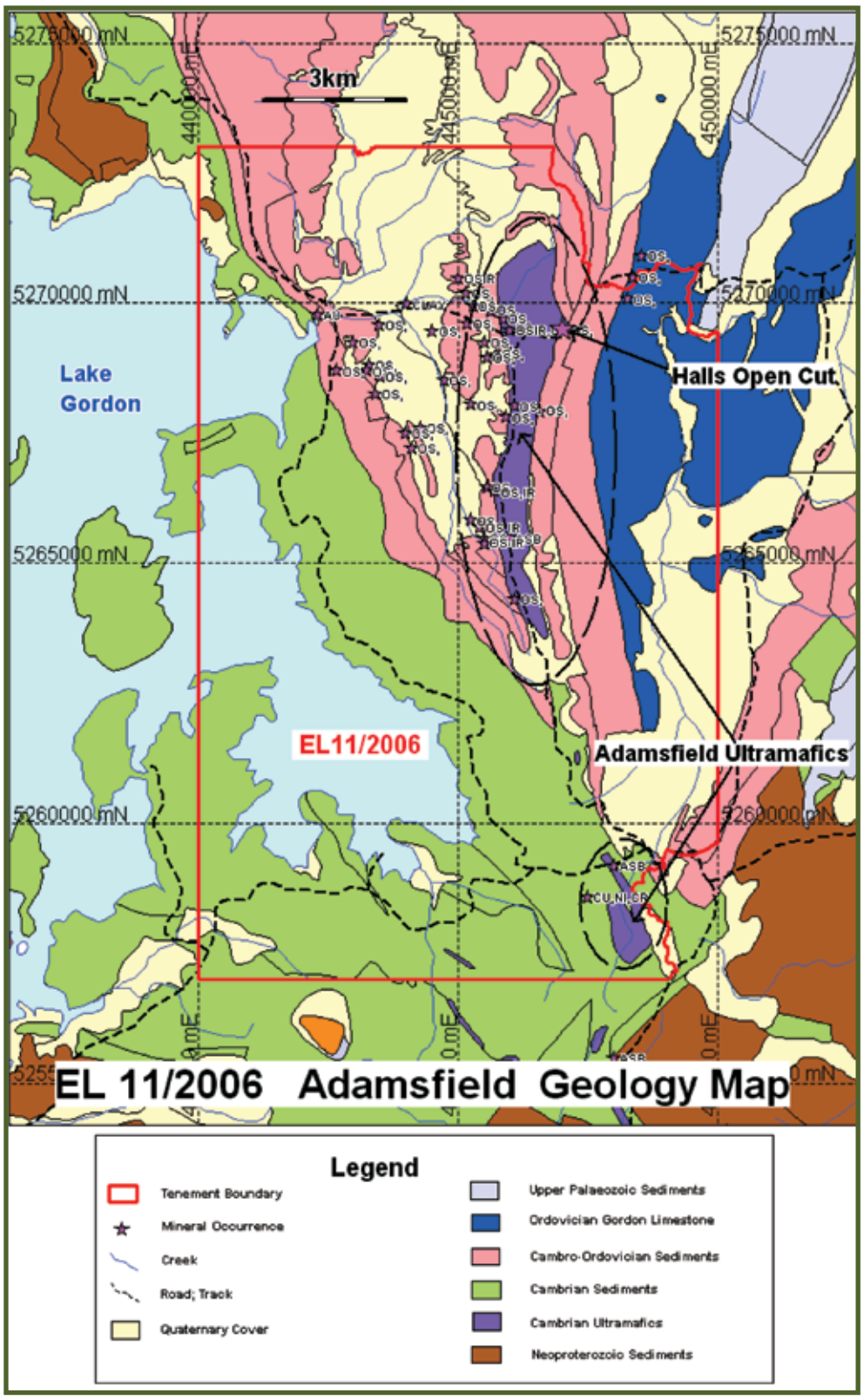
Geological Setting and Mineralisation

The geology of the Adamsfield tenement is made up of a thick sequence of Cambrian and Cambro-Ordovician siliciclastic sediments, with facing east, that are part of the Adamsfield-Jubilee Stratotectonic Element (Figure 9). Towards the top of this sequence lies the Adamsfield Ultramafic Complex ("AUC"), which is related to the ophiolitic ultramafics of the Dundas Element, having initially crystallised in similar, shallow crustal magma chambers and were then tectonically emplaced during obduction. The AUC is composed of the three major 'stratigraphic' rock types (with the 'youngest' first):

1. Massive pyroxenites,
2. Interlayered serpentinite (and variably serpentinised dunite) and pyroxenite,
3. Serpentinite (and serpentinised dunite).

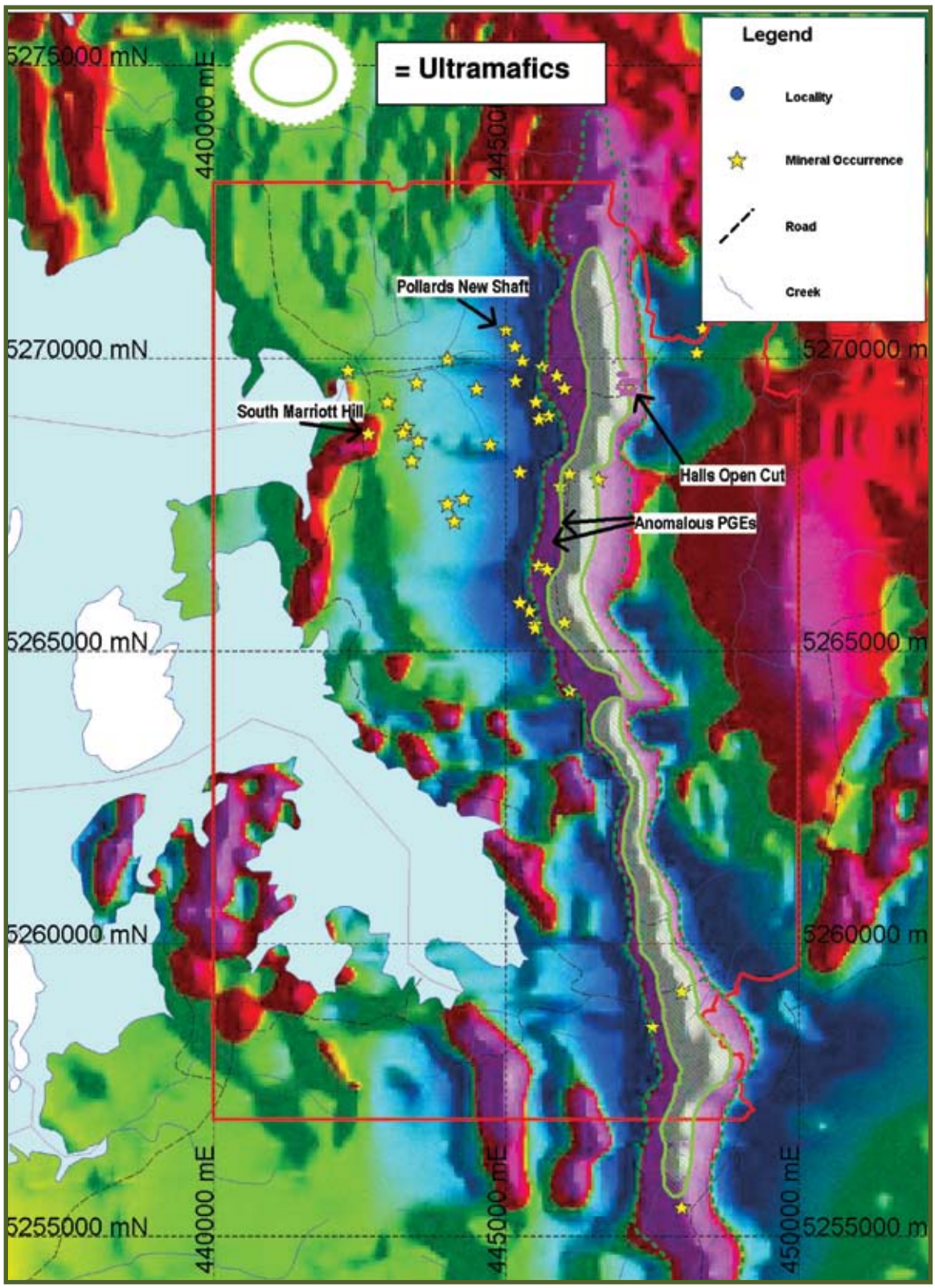
These lithologies appear to represent the basal layered part of an ultramafic magma chamber possibly from a spreading ridge environment with a strong magnetic signature (Figure 10). The complex is seemingly overlain by a series of Cambro-Ordovician siliciclastics including conglomerates. The Gordon Limestone of the Florentine Valley conformably overlies the Cambro-Ordovician siliciclastics. However, it appears in part that the ultramafic unit is a fault bounded thrust slice within the siliciclastic units with a possible thrust fault, dipping east, marking the western boundary whilst a normal fault represents the eastern margin. The Ordovician sediments in the east of the licence occur within a north-northeast striking syncline, cored by the Gordon Limestone and subsequent Silurian-Devonian sediments. The area has been subjected to Recent glaciation which has left behind mainly glacio-lacustrine sediments with small amounts of fluvial-derived unconsolidated alluvium.

Figure 9 Adamsfield Geology Map



(source MRT)

Figure 10 Adamsfield TMI-1VD Magnetic Image Map



(image from Hungerford 2006)

An additional outcrop of ultramafics is mapped in the extreme south east of the property, hosted within Cambrian units. Copper and nickel mineralisation is recorded in this area. There are numerous other mineral occurrences within the tenement, the majority of which are for osmium, a platinum group element (PGE). Previous exploration attempts at mining looked to win the osmium ("Os") which was found with iridium ("Ir") as an alloy called osmiridium. A lot of these occurrences are hosted by Quaternary cover and the underlying Cambro-Ordovician conglomerate. It is uncertain whether these PGE occurrences are placer or palaeo-placer deposits. There is also an occasional gold occurrence e.g. Adam's River Falls, which lies several kilometres away from the AUC. Open file reports have indicated that the ultramafic units have shed chromite and PGE into the local drainage.

At a location at the north end of the AUC, known as Halls Open Cut (not a real open pit) small scale mining occurred, 70 years ago, for osmiridium. There were reported grades of up to 42g/t Os+Ir within a narrow (1-2m wide), sheared, serpentinised ultramafic unit. This work also included the identification of "visible non-payable gold". Exploration by Metals Exploration Limited in the mid 1980's around the Halls Open Cut consisted of geochemical sampling, percussion drilling and diamond drilling (3 holes for 190.7m). This work highlighted problems with the PGE assaying technique to the extent that "all geochemical samples are suspect". Diamond drilling down dip of the excavated lode showed low grade visible gold, base metal sulphides and weakly anomalous PGE values. The last item appeared to confirm some continuity at depth to the lode/horizon. Subsequent percussion drilling at the same locality (12 holes for 461m), with better assay techniques, reported significant narrow intercepts of osmium and iridium e.g. AHP1 1m @ 14g/t Ir, 18g/t Os and 0.25g/t Pt from 21m. The observations reported in the open file data are consistent with the Author's experience of stratiform/stratabound platinum group mineralisation hosted by ophiolitic sequences.

Recent work by Zelos has included a data compilation exercise and a new geological interpretation (Tear 2006). This study has combined new geological concepts to provide a list of exploration targets, detail a clear exploration strategy and allows for the design of an exploration programme.

In the same report a review of the Halls Open Cut mineralisation from mainly RC drilling has allowed for the identification of a small, near surface Inferred Resource reported to the 2004 JORC Code of:

14,500 tonnes @ 6.5g/t Ir, 7.3g/t Os and 0.13g/t Pt (using a cut off of 1g/t Os+Ir).

The design of the mineral shape was based on a 1g/t Os+Ir cut off combined with an interpretation of the geology and a new geological model for stratiform PGEs in ultramafics. The designed shape measures 200m long, is 50m in depth with an average width of 0.5m. The resource estimate has taken into account some of the historical mining.

H&S completed the resource estimate using a half distance sectional polygonal method on 25m spaced sections. Potential for additional resource appears to exist to the north beyond drillhole AHP7 and down dip. Drillholes AHP2, 3 and 8 appear to close off the resource to the south.

The resource status can be upgraded with additional infill drilling including diamond drillholes.

Metallurgical testwork reported by Osmiridium (Tasmania) appeared to show no significant recovery issues for the osmiridium.

Other hard rock Os-Ir mineralisation occurs at Pollards New Shaft in the Cambro–Ordovician sediments as palaeo-placers, with values up to 200g/t (Os-Ir). The past mining activity was mainly of Recent alluvium material around the margins of the Adam River Plain. There are some workings on the west side of the plain seemingly along way from the AUC and therefore possibly represent weathering of Cambro-Ordovician palaeo-placers. Other mineralisation reported on the licence includes:

- Past alluvial mining of gold with a maximum nugget size of 2.25ozs.
- Some minor alluvial gold near Adams Falls.
- Exploration results indicating 5Mt of metallurgical grade chromite in the alluvial Adam River Plain.

Past exploration work has mainly concentrated on the AUC and the alluvial plains draining the AUC. Work on the former has mainly been for nickel from the 1950's to the 1970's (with no PGE assaying). This previous work has included airborne magnetic surveys, localised ground grids with geophysical and geochemical coverage. From the 1980's osmium and iridium has been the target both as a hard rock and alluvium occurrences.

Other previous drilling appears to be confined to auger sampling of alluvial material for PGE's to a maximum depth of 3m, west of the main hard rock PGE occurrences. Results from this work were discouraging to the previous licence holder.

Exploration Programme

Shree's exploration plans and strategies for this tenement (as advised to the Author) recognise that stratiform PGE mineralisation can be found towards the base of layered ultramafic magma chambers of the type seen at Adamsfield. The methodology for the PGE exploration will incorporate recent theories for locating platinum/palladium mineralisation in ophiolites. These theories were published after most of the previous PGE exploration work was completed at Adamsfield. In addition improved assaying techniques for PGE's, not available to previous explorers, can help the detection of low grade surface anomalies possibly indicating the proximity of mineralisation.

An important aspect of the exploration strategy will be to map out and sample the layered ultramafic stratigraphy and establish favourable positions for PGE mineralisation; shallow hole angled drilling is likely to be the most effective method. The use of ground-based geophysics may also aid drill targeting, in particular the use of IP and magnetics. This strategy would also be considered relevant for stratabound nickel mineralisation.

Delineation of coherent stratabound anomalies for nickel, chromite and PGE (+gold) at favourable stratigraphic levels may warrant follow up geophysics and reconnaissance drilling. Diamond drilling would ensue if the preceding stages were successful.

The proposed programme and budget is considered by the Author to be appropriate for the level of work intended (Table 7). The project will be results driven and thus some modifications to the programme may be required as field results are obtained.

Table 7 Adamsfield EL 11/2006 Exploration Budget

	Minimum Subscription Cost A$	Over Subscribed Cost A$
Adamsfield EL 11/2006		
RC & diamond drilling	65,000	65,000
Reporting & evaluation	7,500	7,500
Tenement rental etc	7,000	14,000
Total	**$79,500**	**$86,500**

Exploration Potential

PGE mineralisation within the Adamsfield ultramafics is the main exploration potential for the licence. This can be in two forms, namely as stratiform deposits in the layered serpentinite and dunites or secondly as palaeo-placers within the overlying Cambro-Ordovician clastics. A possible third option is as placer accumulations in the Quaternary sediments.

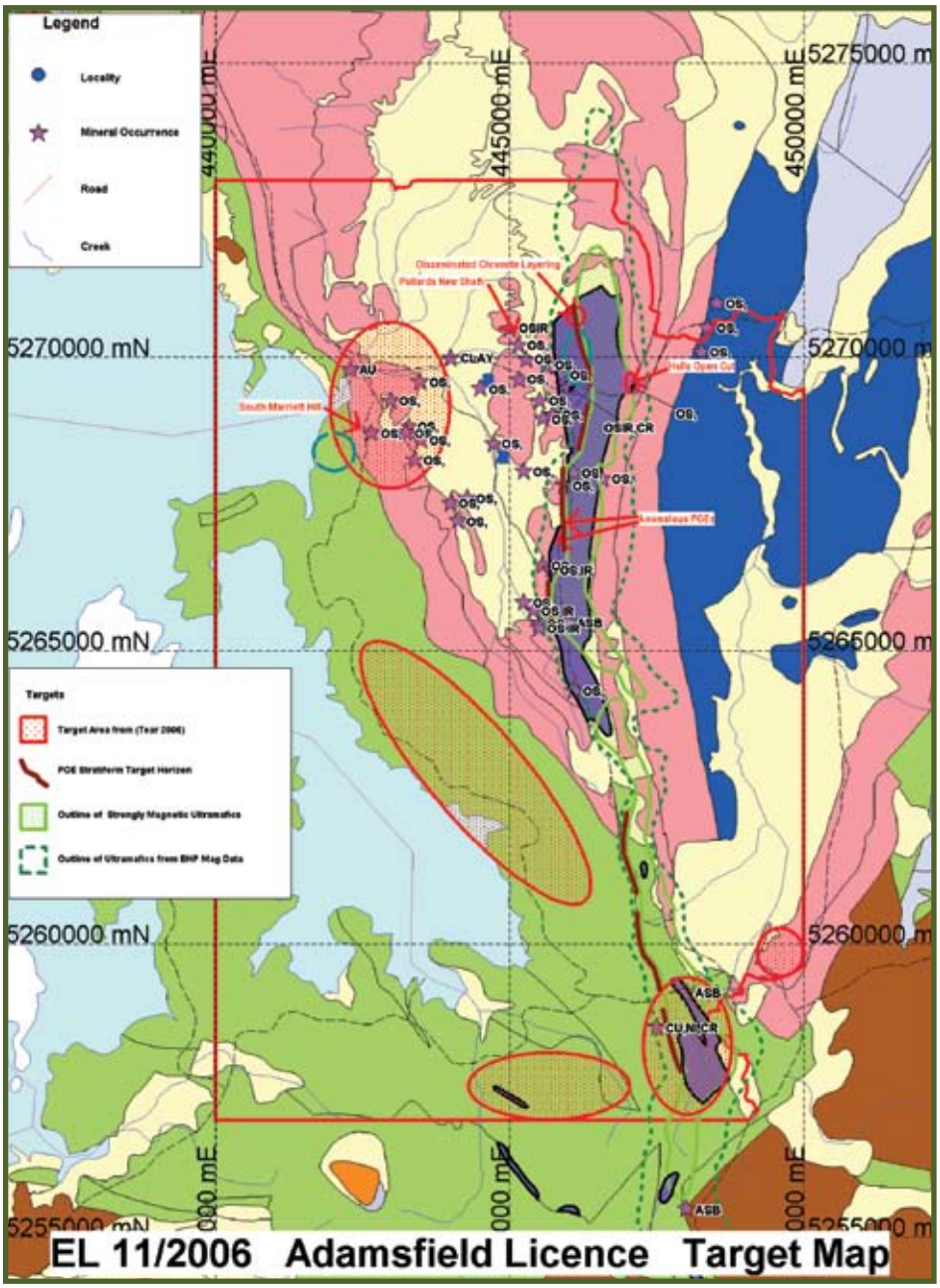
Of secondary importance could be the option of nickel-sulphide and chromite mineralisation within the ultramafics. This is believed possible at the southern end of the complex.

In addition to nickel and chrome, there is potential for gold deposits possibly related to faulting associated with the ultramafics. If there are placer accumulations, palaeo or Recent, for PGE's then there is also the possibility of similar type gold accumulations.

A list of targets is included below (Figure 11):

1. Pollards New Shaft with anomalous PGEs (200g/t Os & Ir) from underground sampling of Cambro-Ordovician sediments (palaeo-placers).
2. The alluvial gold anomaly at Adam Falls.
3. The magnetic feature south of Marriott Hill that is coincident with the Barratt Creek pan concentrate anomaly.
4. A series of small scale magnetic anomalies along the Clear Hill Road associated with the basal Cambro-Ordovician sequence; for the possibility of palaeo placers.
5. The Florentine Valley pan concentrate anomaly near Frodsham's Pass, which may have resulted from sediment shedding from the AUC at its southern end.
6. Two positive magnetic features at the south end of the licence possibly little known ultramafic outcrops in Cambrian sediments; at Boyd River and Boyd Lookout.

Figure 11 Adamsfield Target Map



8.3 SULPHIDE CREEK EL 43/2004

Location

Exploration licence EL 43/2004 covers an area of 14km^2 near Lynchford 5km south of Queenstown, West Tasmania.

There is good infrastructure with adjacent water, roads, power and labour supply. Road access to the general area is good comprising a combination of sealed roads and 4WD dirt tracks. However the area itself is quite hilly with typical west Tasmanian bush cover that has necessitated the use of helicopter supported drilling.

Geological Setting and Mineralisation

The geology of the Sulphide Creek tenement consists of a moderately folded Lower Palaeozoic sequence of sediments with minor volcanics. The range of siliciclastics are from conglomerates and pebbly sandstones of the Sedgewick Formation (Cambro-Ordovician age) to fine grained shales of the Devonian Bell Shale (Figure 12). Ordovician carbonates belonging to the Gordon Limestone occur within the sequence along with sandstones of the Ordovician Arndell Sandstone. A sliver of Cambrian Tyndall Group felsic volcanoclastics occurs in the south east sector.

The structural setting for the licence is complicated with numerous inferred faults, generally converging at the centre of the property. There are inferences from the geological map to the past existence of major basement structures that controlled sedimentary deposition. A major north-south striking, bifurcating fault, informally named the Harvey Creek Fault, with sinistral movement transects the middle of the licence. The Coupon, Anomaly 24-28 and the Davie gold prospects occur in close proximity to this fault with all three prospects hosted by the Ordovician siliciclastics and carbonates. The Tyndall Group unit appears to line up with an inferred splay fault direction off the Harvey Creek Fault.

According to Goldstream reports alluvial gold was panned in many streams of the Sulphide Creek area and traced back to source. This resulted in the historical excavation of several shallow shafts and adits. From the Woody Hill Gold Mine (just north of the current licence) 4.6kg of gold was produced from 265 tonnes of ore at a grade of 17.6 g/t. The Davie Workings appeared to consist of several shafts and adits developed on quartz reefs which recorded 14 g/t gold at surface. These workings may not have been properly located by contemporary exploration (Newnham 1993). The Coupon Workings seemingly produced (in 1913) 32 tonnes of mined material at an average grade of 12 g/t. Au. The Rinadeena Reward Claim was prospected for antimony with a 120m long adit driven into black pug, presumably rotted limestone. The conclusion from Goldstream's work is that most forms of mineralisation, gold and base metals, occur in carbonate-rich lithologies adjacent to major faults.

Substantial geochemical coverage has been completed over the tenement with a series of anomalies generated (Table 8).

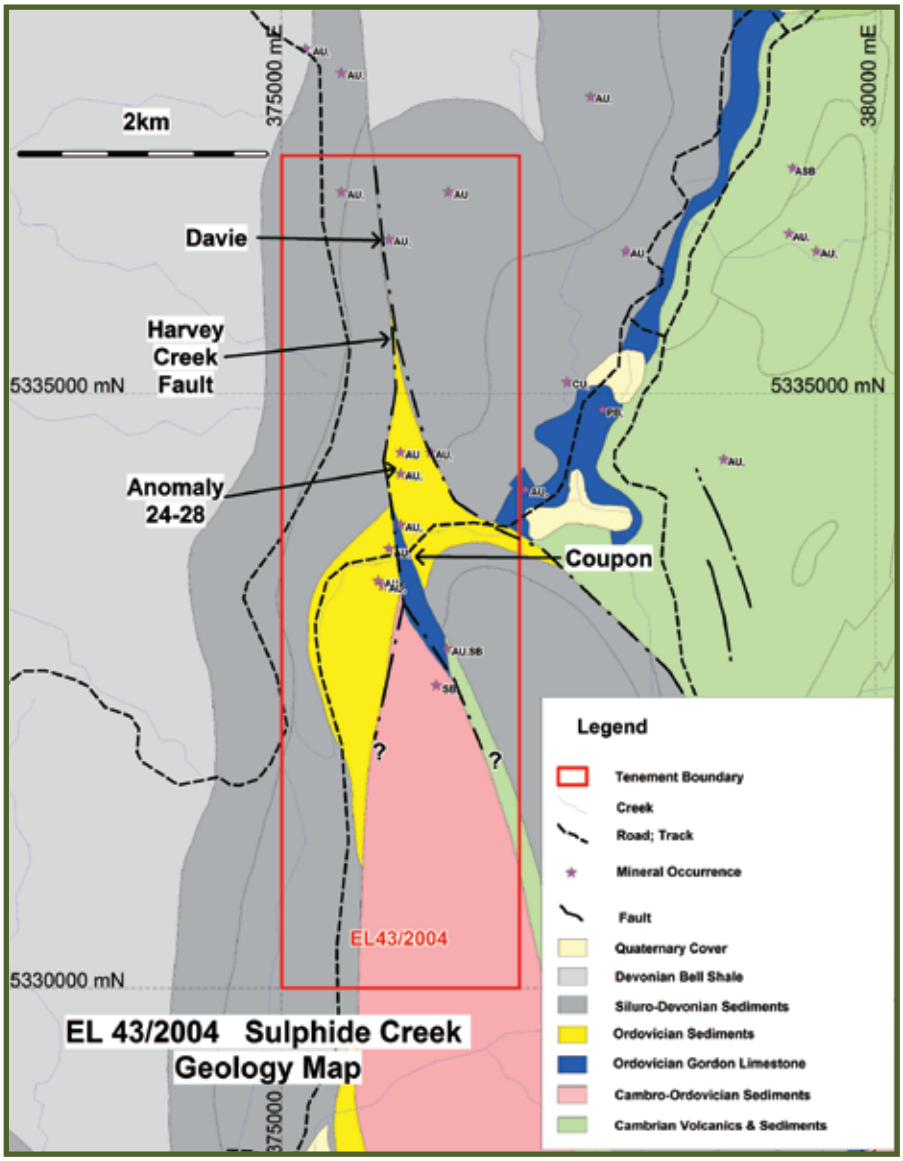
Table 8 Sulphide Creek Soil Gold Anomalies

Prospect	Soil Anomaly Length (m)	Soil Anomaly Width (m)	Soil Anomaly (gold ppm)	Max float grade (gold ppm)
Coupon	400	150	>0.1	21.0
Anomaly 24-28	250	50	0.24	16.0
Davie	250	75	0.07	14.0

The area is magnetically very flat as shown in the recent MRT airborne magnetic data. Reprocessing of a subset of this data may provide additional structural information to help in the search for gold mineralisation.

Work completed by previous explorers in the late 1980's and early 1990's identified significant gold-arsenic anomalism associated with the Harvey Creek Fault within a folded sandstone-limestone unit (basal Gordon Limestone). A mixture of diamond and RC drilling was completed at Coupon and a small diamond programme has recently been completed by Zelos at Davie (Table 9).

Figure 12 Sulphide Creek Geology Map



(source MRT)

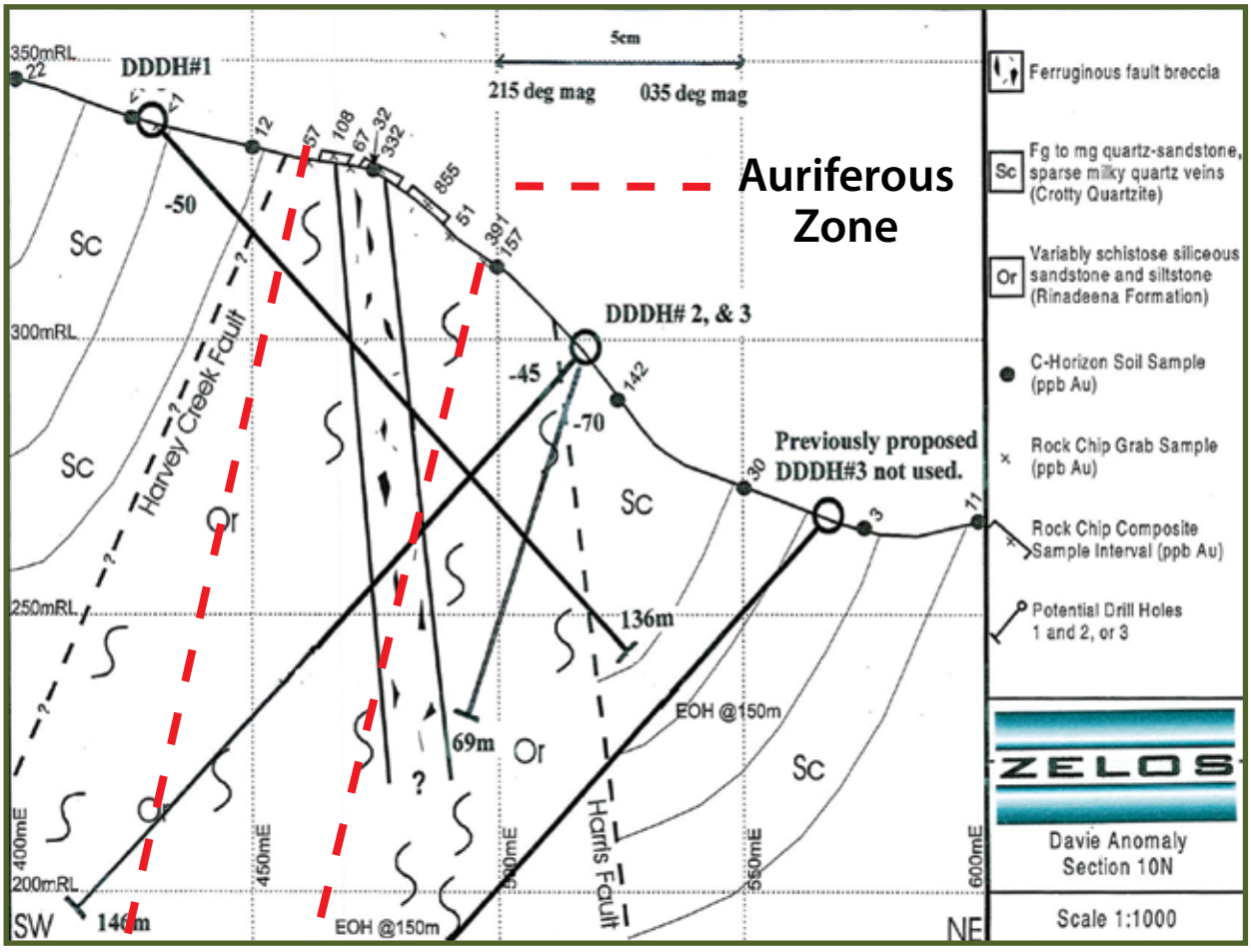
Table 9 Sulphide Creek Drilling Details

Company	Prospect	Year	Drill Type	No of Holes	Meters (m)
Cyprus	Coupon	1989	RC	13	736
Perilya	Coupon	1991	DD	1	61
Titan Goldstream	Coupon	1993-5	DD	9	1886
Zelos	Davie	2006	DD	3	351
			Totals	**26**	**3024**

Low grade gold mineralisation was drilled at Coupon to a depth of <70m and tested only 150m along strike. The best diamond drilling result was 8m @ 1.24ppm from 14m within a 77m anomalous gold zone. Recent diamond drilling by Zelos at Davie discovered a zone of auriferous quartz-sulphide stockwork veining up to 50m true width in silicified sandstones (Figure 13) to a depth of 100m below surface. Drillhole DDH2 contained 16m @0.58g/t Au from 44m downhole and 4m @ 0.79g/t from 119m downhole. These two zones are within a zone of coherent mineralisation giving 82m @ 0.4g/t Au from 44m (peak gold value is 1m a 1g/t). The gold mineralisation is associated with arsenopyrite mineralisation within a quartz vein stockwork system that is hosted within brecciated sandstones proximal to a steeply dipping fault breccia belonging to the Harvey Creek Fault. Drillhole DDH1 intersected the same gold zone at shallower depths relative to DDH2 albeit oxidised with possible depletion and giving a best grade of 6.5m @ 0.49g/t Au from 91m within a 62m auriferous zone (downhole width).

Substantially wide zones, up to 70m, of weak gold mineralisation in heavily oxidised rocks have been encountered in drilling. Past explorers have found the results enigmatic but an injection of fresh ideas based on new gold exploration models and a detailed data compilation exercise may provide the opportunity to advance the prospect through additional drilling.

Figure 13 Davie Prospect Drilling Summary



(figure supplied by Shree/Zelos)

Exploration Programme

Shree's exploration plans and strategies for this tenement (as advised to the Author) allow for the fact that this is also an advanced project within its portfolio. The area has had diamond drilling completed by previous explorers that confirmed the existence of wide low grade auriferous zones on the property e.g. Coupon and Davie. A review of existing data coupled with further field checking and research of new geological models for gold deposits will be incorporated into designing follow up diamond drilling.

The proposed programme and budget is considered by the Author to be appropriate for the level of work intended (Table 10). The project will be results driven and thus some modifications to the programme may be required as field results are obtained.

Table 10 Sulphide Creek EL43/2004 Exploration Budget

	Minimum Subscription Cost A$	Over Subscribed Cost A$
Sulphide Creek EL 43/2004		
Diamond drilling	55,000	110,000
Reporting & evaluation	7,500	15,000
Tenement rental etc	1,000	2,000
Total	**$63,500**	**$127,000**

Exploration Potential

The preferred target is structurally controlled gold mineralisation associated with lithological contacts juxtaposed with the Harvey Creek Fault. Various past explorers have employed different geological models as gold exploration guides. These include:

1. Vein style (possibly sheeted veins, e.g. quartz veining in siliceous sediments).
2. Sediment hosted disseminated gold (Carlin-type).
3. Structurally controlled gold (Henty-type).

In the recent past, Carlin-Au type models have been used with limited success. An alternative is a large scale structurally controlled deposit with silicic alteration whereby major lithological competency contrasts have occurred adjacent to major faults. A review of the known drilling by Goldstream at Coupon may elucidate additional drilling targets for gold. Upgrading of additional targets on the Harvey Creek Fault may also lead to drilling. There is also potential for gold mineralisation to exist within the Tyndall Group fault-related sliver.

8.4 CATAMARAN EL 32/2005

Location

The licence covers 89km^2 and is located at the southern end of Tasmania approximately 110 km south of Hobart (refer back to Figure 1). The area is a base for sawmilling operations.

Main road access to the property is by sealed road to Ida Bay and then good quality 4WD track down to Cockle Creek. Forestry operations and previous explorers have created other 4WD tracks, some of which may require refurbishment for access to potential target areas.

Land usage is mainly forestation. The only permanent populations are at Ida Bay and Moss Glen consisting of about 30-40 people. The coastal area is host to small plots of land containing holiday and retirement homes.

Movement off forestry tracks is very difficult due to hilly terrain, dense vegetation, thick grassland and swampy coastal plains.

Variable relief occurs in the west of the licence and beyond with peak heights to 1000m above sea level. Here deeply dissected ranges combine with dense natural forest to produce a very rugged terrain. Geomorphology in the east of the licence consists of a peneplained hinterland to the coast, with isolated hills usually attributable to dolerite sills (and stocks). There are perennial east-flowing streams to the coast.

Climate is temperate with annual rainfall typical of Southern Tasmania at around 1400mm. Temperature ranges from just above freezing in night time winter to a likely maximum of 30ºC in summer. The annual average day temperature is 19ºC in summer and 12ºC in winter. Frosts can occur and there can be localised snow on the hills in winter.

Vegetation cover is dry and wet Sclerophyll forest (Perkins and Dunn 1984 after Jackson 1956). The low lying areas are covered in button grass plains typical of elsewhere in Tasmania. Dolerite hills often promote dense forest growth.

East of the licence is the Southport Conservation Area. West of the licence, lies the Tasmanian Wilderness World Heritage Area.

Geological Setting and Mineralisation

The geology of the licence is dominated and transected by a major north-south fault system with a centrally located graben, the Lune River Graben. The geology map is based on MRT data and is shown as Figure 14. The western boundary of the graben comprises two parallel faults, the Lune River Fault System, which happens to match the licence western boundary. West of these faults lie basement limestones of the Gordon Group overlain by Permo-Carboniferous glacial sediments and Permian coal measures. The graben measures at least 20km long by 4km wide, and consists of fault-bounded Triassic sediments that host the target coal measures. The eastern side of the graben consists, in the north of the licence, of Triassic sediments intermixed with Jurassic dolerites, whilst in the south the graben splays outwards and passes into the sea.

The stratigraphy of the EL 32/2005 begins with basement comprising limestones, sandstones and conglomerates of Ordovician age outcropping to the west of the Lune River Fault.

Within EL 32/2005 glacio-marine rocks of Permian age outcrop to the west of the Lune River Fault and on the coast in the vicinity of Southport. At Southport thin cross-bedded siltstones and sandstones interbedded with ripple marked dark shales outcrop on the beach. These rocks are believed to belong to the Permian Ferntree Group. They are either the basal section of the Triassic Sandstone or an equivalent of the Permian Cygnet Coal Measures. Permian-aged conglomerates outcrop west of the Lune River Fault.

Triassic rocks underlie the majority of EL 32/2005. The upper unit or Triassic Coal Measures lies conformably on top of the Triassic Basal Sandstone and is greater than 140m thick within the EL. The sequence comprises of sandstone, siltstone, mudstone, carbonaceous mudstone and coal seams. The coal seams are banded, dull, and typically have a high inherent ash. Based on lithologic description of chip and core samples and interpretation of geophysical logs, rocks of the Triassic Coal Measures can be divided up into a number of upward fining clastic sequences. These sequences are similar to the Basal Triassic Sandstones but contain a higher proportion of fine grained sediments (up to 50%) and also a thicker development of coal seams.

The depositional environment during the Early Triassic is believed to have been fluviatile with uplift occurring to the west of the present day basin boundaries providing the source. During the Later Triassic, evidence suggests that the climate became more humid and the sinuosity of the streams increased resulting from a decrease in relief of the source area. This quieter sedimentary environment and climate led to the deposition of a greater proportion of finer grained sediments and formation of coal in back swamp areas.

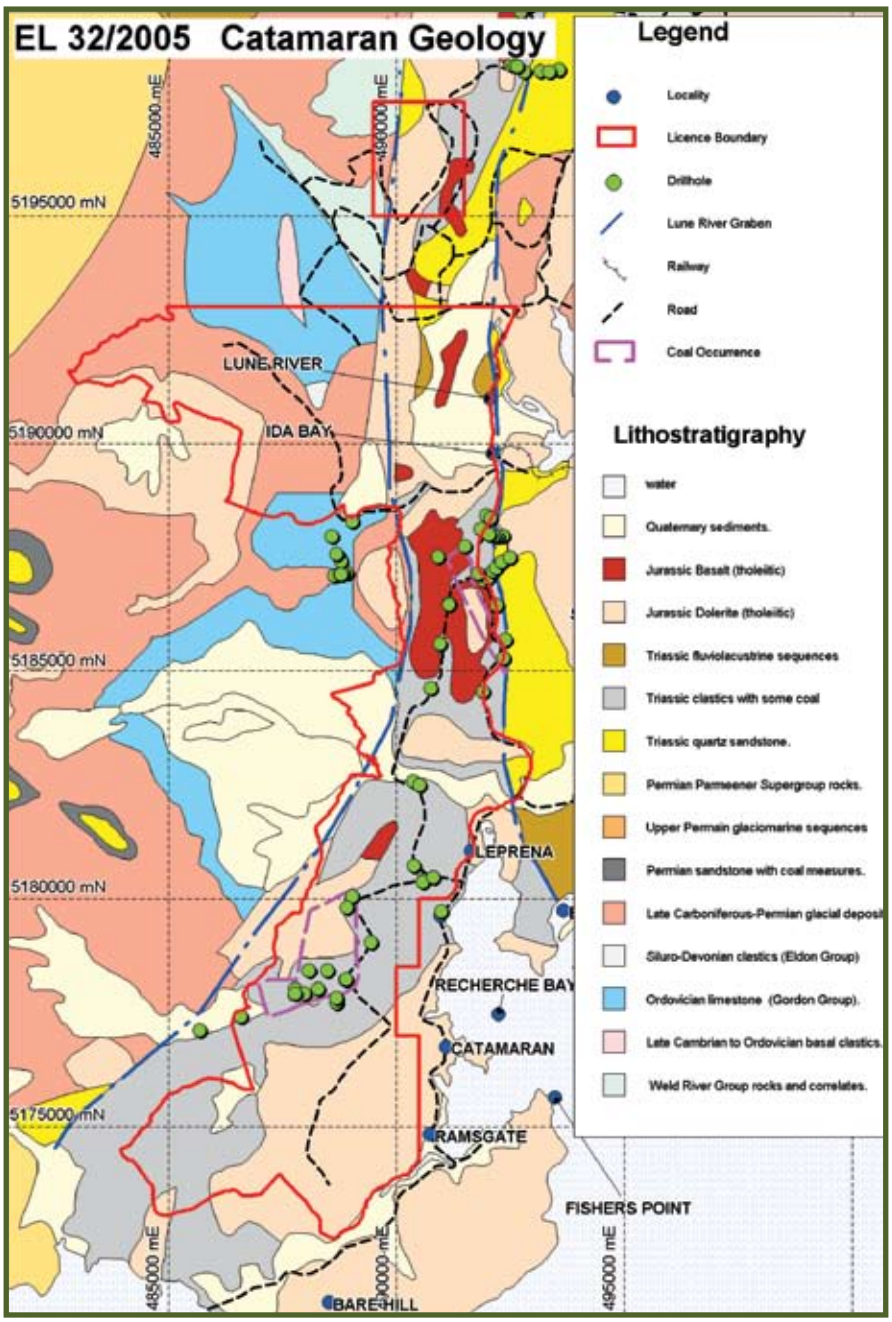
Jurassic-aged dolerite intrudes the Triassic sediments within the EL. The dolerite belongs to the tholeiitic quartz dolerite association and appears to have been emplaced in the form of sills with reports saying that contact effects upon the sediments limited. This may not always be the case as the presence of "anthracitic" coal has been reported from the Catamaran Coal field. The anthracite implies a thermal modification to the coal that is attributed to the dolerite intrusions. Dolerite scree covers a large proportion of the Triassic sediments.

Minor basalt occurs as flows generally less than a few kilometres long. Basalt has only been recognised in the north of the area and MRT mapping indicates that these basalts are related to the Jurassic dolerites and are not Tertiary basalts.

Minor amounts of Quaternary clays and sands occur in the low swampy areas and along the major water courses. These deposits are relatively unconsolidated and difficult to recognise.

There are reports in the open file data that there is substantial structural deformation leading to a supposed substantial level of structural dislocation. This needs to be confirmed by re-interpretation of old data integrated with new geological data and ideas.

Figure 14 Catamaran Geology Map



(source MRT)

Previous coal exploitation has comprised approximately 119,000 tons (pre-1939), mainly from the Main Seam at the Catamaran Colliery.

Previous coal exploration by Australian Paper Mills (in 1974-6) and Marathon (1980-5) included exploration drilling. APM concentrated on Ida Bay and Catamaran concluding that a combination of poor quality coal and variable seam continuity meant there were no economic coal deposits on the licence.

At Catamaran, old records report three seams (Rasmus, 1975):

1. Upper Seam – very thin with and uncertain thickness of separation with the seam below.
2. Catamaran Seam – 1.01 to 1.17m thick with a 2.4 to 3.6m separation from the seam below.
3. Young Seam – 0.76 to 0.91m.

The old workings are believed to have worked the middle Catamaran Seam. Regional dips for bedding range between 7-12o whilst dips measured in outcrops had a range of 14-17o. APM's work could not trace the main seams to the east and identified "poor" quality coal to the west. Drilling by APM also encountered old workings, which were more extensive than old records had indicated.

Marathon (MPAL) held the licence subsequently as EL6/79 and undertook a systematic search for substantial coal deposits (Perkins & Dunn 1984). As part of the exploration programme they completed:

- A detailed desktop study including an air photo interpretation.
- Geophysical surveys including airborne magnetics & ground-based gravity.
- A synthesis of an integrated geophysical and geological model.
- Stratigraphic drill testing within each of the major delineated fault sub blocks.
- Drilling 20 holes for 3156.95m of which 894.55m was as core with the remainder being RC chips.
- Coal Quality tests-analytical testwork .

They concluded that there were two Exploration Targets, one near Ida Bay of 4.5 to 6.5Mt open pittable coal and one near Catamaran of 10-12Mt of underground coal. These targets are not Mineral Resources and are only conceptual in nature. There has been insufficient exploration to define Mineral Resources and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Marathon also asserted that coal interval A was the only one of potential economic interest. The seam is described as being between 1.8 and 4.0m thick with characteristics of low sulphur, high volatile, bituminous steaming coal, high in mineral matter. The other seams were too high in ash and produce unacceptable yields on washing.

Exploration Programme

Shree's exploration plans and strategies for this tenement (as advised to the Author) indicate it is an advanced project. It has had diamond drilling completed by previous explorers that confirmed the existence of coal seams. The key strategy will be a programme of drilling to define the extent and quality of the coal measures.

It is recommended that a desk study is completed prior to drilling to enable better definition of likely resource areas and assist drillhole targeting. A detailed review of geophysical and geological data to define structural geometries for the Lune River Graben would aim to establish fault planes/structural breaks/fault blocks and thus give guidance to predicting coal seam continuity.

The planned drilling programme consists of an initial phase of percussion holes with each hole having downhole geophysics including gamma logging, resistivity and density measurements completed. If there appears to be seam continuity within economic parameters then an additional coal quality analysis programme can be undertaken.

The proposed programme and budget is considered by the Author to be appropriate for the level of work intended (Table 11). The project will be results driven and thus some modifications to the programme may be required as field results are obtained.

Table 11 Catamaran EL32/2005 Exploration Budget

	Minimum Subscription Cost A$	Over Subscribed Cost A$
Catamaran EL 32/2005		
RC Drilling	50,000	100,000
Coal testwork	10,000	20,000
Reporting & evaluation	7,500	15,000
Tenement rental etc	4,000	8,000
Total	**$71,500**	**$143,000**

Exploration Potential

Despite the lack of confirmation of the resources reported by Marathon, there is potential for follow up exploration work to define an economic coal deposit with in the licence.

Use of cumulative strip ratios can assist in identifying historical drillholes with potential to be in an area to host open pittable coal operations, usually a <10:1 figure is used. A cumulative (vertical) strip ratio is calculated as:

depth to base of seam / (sum of seam thicknesses above base x relative density of coal)

A study of the cumulative strip ratios for the Marathon drilling indicates <10:1 ratios for the drillholes listed in Table 12. The first three holes identify potential areas for immediate follow up.

Table 12 Catamaran: Drillholes with Potential Open Cut Resources

Seam	Hole No.	Comment
A	CA110	Was linked by Marathon to CA106 where the combined A seam is 3.36m thick but at a depth of 135m
A	CA115	Proximal to the Old Catamaran Mine
A	CA119	A series of seams to 86m depth; may include the A seam very near surface (oxidised?)
C	CA113	A series of seams from 17 to 80m may include the A seam; location suggests major structural dislocations in the area
D(C)	CA114	Coal seams from 20 to 75m may include the A seam and may be related to CA113 (next nearest hole)

8.5 MT SORELL EL 42/2008

Location

The exploration licence EL 42/2008 measures 10km^2 and is located 20km south of Queenstown within rugged terrain. The property contains an area known as the Clark Valley which was the subject of previous explorers including Aberfoyle, BHP, and RGC.

Access is to the property is difficult with the nearest 4WD track passing 3km away to the east. This track will require refurbishment. Due to the relative remoteness of the area and its distance from infrastructure some helicopter support will be required.

Geological Setting and Mineralisation

The area is within the southern extremity of the Cambrian–aged Mount Read Volcanics, a world class base metal province containing the Hellyer, Rosebery and Mt Lyell deposits. The MRV lie within the Dundas Stratotectonic Element whereby the initial, post-collisional, subduction-related sedimentation occurred in the Middle to early Late Cambrian and was dominated by substantial amounts of felsic to intermediate volcanics and associated volcanoclastic sedimentation. This was followed in the Late Cambrian by a phase of rift-related coarse siliciclastic sedimentation, which led into a long period of stable marine carbonate/clastic sedimentation that was terminated by the Middle Devonian Tabberabberan Orogeny. There is a strong Devonian structural overprint for this element compared to the Rocky Cape Element due in part to Devonian-aged granitic intrusions.

The geology of the Mt. Sorell licence is made up of north-south striking, west facing, conformable Cambrian volcanics and volcanoclastics overlain by a Cambro-Ordovician sequence of coarse siliciclastics (Figure 15). The main Cambrian volcanic components include the felsic volcanics of the Central Volcanic Complex ("CVC"), quartz feldspar porphyry of the 'Western Sequence' and volcanic derived sediments of the Tyndall Group. A major north-northwest striking fault in the southwest of the property abuts Ordovician conglomerates against Tertiary sediments. A small patch of Quaternary cover occurs in the centre of the licence masking the contact between the Tyndall Group and the underlying quartz feldspar porphyry of the 'Western Sequence'. There is a dominant north-northwest fabric attributed to the regional Devonian cleavage and a major northeast striking fault, the Clark Fault, occurs in the southeast corner of the licence. This fault is believed to separate two distinct stratigraphic regimes and may be indicative of a syndepositional fault which has relevance to

the mineral exploration model for a Hellyer-type deposit as well as having potential to be part of a major structural system that can host gold and/or gold/copper mineralisation. The Darwin Granite intrusion lies 2km to the east of the licence.

Exploration has been undertaken within the main Cambrian-aged volcanic areas and includes work by BHP, RGC, Mt. Lyell, EZ and Aberfoyle but no drilling has been reported. Compilation and re-interpretation of previous data by Aberfoyle defined a narrow 800m long zone zinc soil anomaly, up to 800ppm, associated with shale and possible mafic volcanics close to the Tyndall Group-CVC contact. The property has been completely covered by MRT's regional airborne magnetic survey and the eastern half of the licence was part of MRT's recent airborne EM survey. The former indicates a higher degree of complexity compared to the published mapping. The Quaternary cover over the quartz feldspar porphyry appears to be more conductive than the surrounding units.

There are two gold mineral occurrences on the property, one is called Slate Spur and the other is unnamed. Just north and east of the tenement boundary is a series of gold and copper occurrences within the same CVC rocks.

Exploration Programme

Shree's exploration plans and strategies for this tenement (as advised to the Author) allow for the fact that it is located in an area of difficult terrain. The plan commences with the gathering and evaluation of the existing data as part of a data compilation exercise. Reprocessing of airborne magnetic, radiometric and EM data including 3D modelling will be an important component of this exercise. The result should be to establish in better detail the geology of the tenement, in particular faults and their control on lithological distribution.

Coupled with this would be mapping, structural interpretation and reconnaissance geochemical sampling looking to test potential favourable structural and stratabound horizons. To aid this work it is likely that ground geophysics, specifically ground magnetics will be utilised. The successful outcome of this work will be to locate potential drill targets for future drilling.

The proposed programme and budget is considered by the Author to be appropriate for the level of work intended (Table 13). The project will be results driven and thus some modifications to the programme may be required as field results are obtained.

Table 13 Mt Sorell EL 42/2008 Exploration Budget

	Minimum Subscription Cost A$	Over Subscribed Cost A$
Mt Sorell EL 42/2008		
Data compilation, geophysical modelling & geological interp	15,000	15,000
Gridding & line cutting	10,000	10,000
Mapping & geochemical sampling	10,000	20,000
Geophysical surveys	15,000	15,000
Drilling	0	65,000
Reporting & evaluation	10,000	10,000
Tenement rental etc	1,000	2,000
Total	**$61,000**	**$137,000**

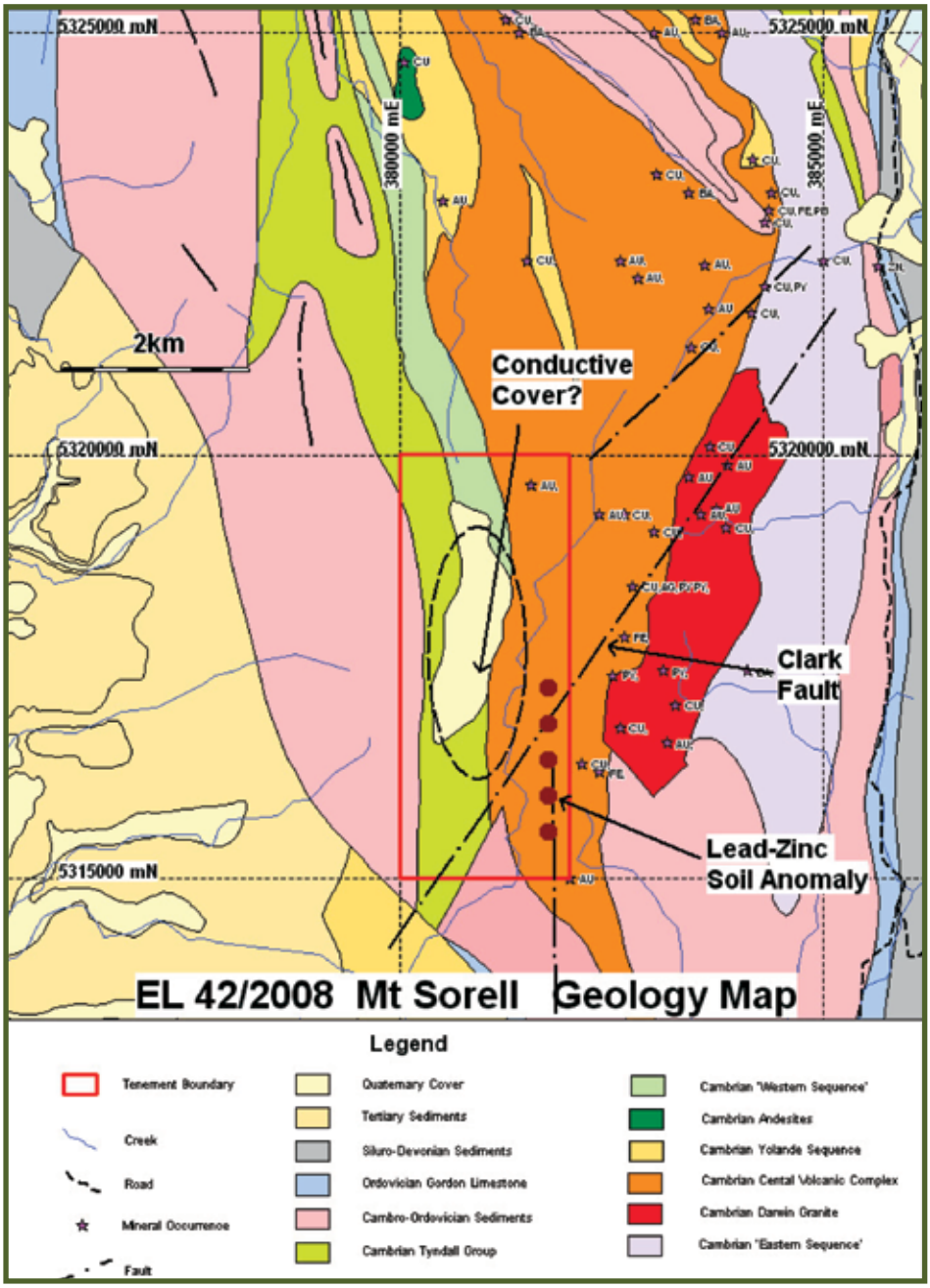
Exploration Potential

The initial target is for a volcanic hosted massive sulphide deposit e.g. Rosebery, Hellyer etc., within the Cambrian volcanics that corresponds to the Aberfoyle-reported zinc soil anomaly.

Another target for the licence is structurally controlled gold mineralisation related to major faulting perhaps similar to the invoked epithermal style of Cu/Au mineralisation at Mt. Lyell. There is a substantial occurrence of Quaternary material overlying part of the Tyndall Group contact with the CVC. It is possible that this unconsolidated material is some form of residual product of strongly altered volcanic rocks. The strong alteration could be a hydrothermal halo associated with buried copper and/or gold mineralisation.

A subsidiary target comprises Henty-style gold mineralization associated with the Clark Fault (or similar faults) and the Western Sequence-Upper Tyndall Group contact, the latter of which corresponds to the stratigraphic position for the Henty gold deposit. The Henty Gold Mine is hosted by rhyolitic lavas and volcanoclastics of the Tyndall Group. Mineralisation consists of Late Devonian-aged gold and minor sulphides within an intensely brecciated silicified zone in the footwall of the north-northeast striking, west-dipping Henty Fault. Surrounding the silicified zone is quartz-sericite-sulphide alteration with low grade gold mineralization around 1g/t. A recent publication by MRT suggests significant exploration potential exists where the Tyndall Group covers the top of the CVC unit. Reports indicate a strong structural control to the Henty gold mineralization which may be expanded to include other similar styles of gold mineralization e.g. Ridgeway, SC.

Figure 15 Mt Sorell Geology Map



(source MRT)

These targets are not Mineral Resources nd are only conceptual in nature. There has been insufficient exploration to define Mineral Resources and it is uncertain if further exploration will result in the determination of a Mineral Resource.

8.6 MT BERTHA EL 42/2004

Location

The centre of this large exploration licence (224km^2) is located 20km northeast of the Savage River Iron Ore Mine and about 50km southwest of the port of Burnie in North West Tasmania.

Main road access to the property is limited to the Savage River road, whilst parts of the licence can be accessed by the Savage River pipeline maintenance road (Figure 14). Off-road access is potentially very difficult, possibly requiring helicopter-supported access. Previous explorers have created some 4WD tracks, which may require refurbishment for access to possible target areas.

Vehicular access to the licence will be limited; permission was given to Zelos, subject to conditions, by Australian Bulk Minerals to access to the main Savage River pipeline road that runs through the 'backbone' of the area. Access to the north of the tenement will be by unsealed roads constructed for previous magnesite exploration.

The licence area has considerable relief with a major increase in average height occurring south east of a major geological line, the NE-striking structural line. This raised area occurs throughout the SE half of the licence and will present a considerable challenge to exploration.

Vegetation comprises dense forest (temperate rainforest) making access very difficult, necessitating substantial track cutting in order to reach target areas. Climate is temperate with substantial annual rainfall typical of Western Tasmania. Temperature ranges from just above freezing in winter to a likely maximum of 30ºC in summer.

Geological Setting and Mineralisation

The geology of the Mt. Bertha licence comprises a variable volcano-sedimentary package of Neoproterozoic-aged rocks including part of the Arthur Metamorphic Complex ("AMC") see Figure 16. The Proterozoic group strikes generally northeast-southwest, is steeply dipping to the east and youngs from west to east across the licence.

The oldest units occur west of the licence and comprise siltstones and pyritic mudstones of the Early Neoproterozoic Cowrie Siltstone. These are overlain by a mixed siliciclastic package of siltstones, quartzites and sandstones with minor pelitic shales (Detention Quartzite, Jacobs Quartzite, Irby Siltstone etc). Subsequent units of the Neoproterozoic Ahrberg Group occur in the southern, central and eastern part of the property and comprise carbonates, clastics (including the basal Forest Conglomerate), volcanic turbidites (mafic detritus) and tholeiitic basalts (Bernafai Volcanics). The Ahrberg Group is believed to be an equivalent to the Togari Group, which exists further to the west and northwest of the licence. Within the north and northwest of the property Neoproterozoic phyllites occupy the Togari/Ahrberg positions. The Timbs Group is a more strongly metamorphosed version of the Ahrberg Group, within which lies a chloritic schist unit, called the Bowry Formation, which contains the Savage River Iron ore deposit further south. This formation also has dolomites which host the magnesite deposits to the north east of the property. The youngest unit in the complex is the Keith Schist, which comprises quartz mica schists, quartzite and phyllite and is thought to be a more deformed and metamorphosed version of the east bounding Burnie and Oonah turbiditic siltstone packages (both Late Neoproterozoic in age).

There is a very narrow (2km by >25km) Permian sequence that strikes roughly parallel with the AMC structural grain along the centre of the lease. It appears to be fault bounded in a graben-like structure against the various Neoproterozoic sequences. The Permian rocks consist of a lower glaciomarine clastic sequence with limestones and includes the Tasminite Oil Shale. Overlying these rocks are coal measures followed by an upper glaciomarine sequence. At the northeast corner of the tenement it appears that the Permian is unconformable on the underlying Neoproterozoic schists.

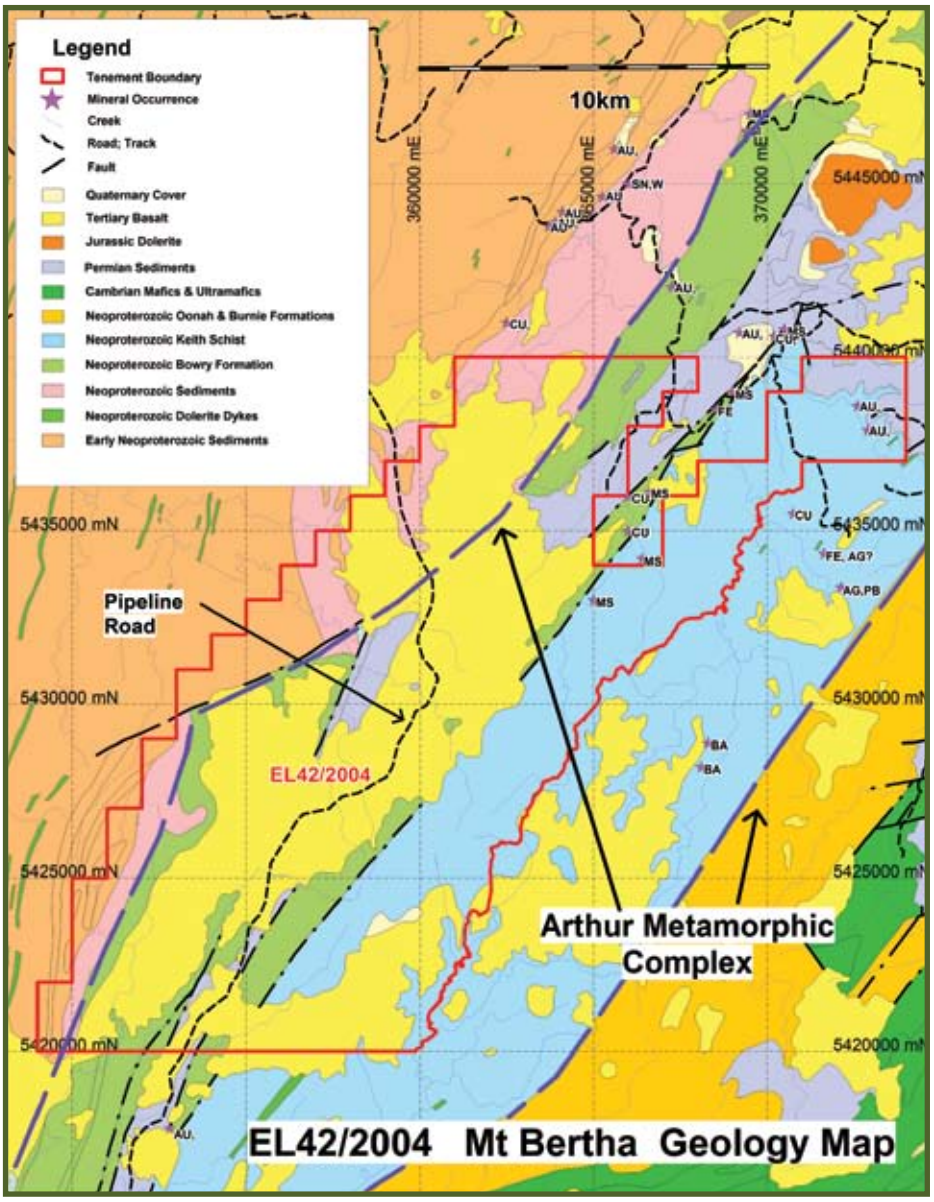
A Tertiary basalt eruptive phase resulted in extensive coverage of the tenement (about 60%) masking the underlying Proterozoic and Permian units. A review of the data from the recently flown airborne magnetic WTRMP data indicates that the basalt cover

may be quite thin in several instances, as demonstrated by the interpreted continuity of the Neoproterozoic-related magnetic signatures beneath the basalt outcrop (Figure 17).

The aerial magnetic data also indicates a substantial structural complexity with potentially several major NE-SW, NW-SE and ENE structures transecting the licence. There are likely to be some differences between the new geologic deductions from this airborne magnetic data and the published geology, which may create exploration opportunities. The dominant NE-SW structure, the Pieman Fault, matches to some extent the Permian eastern boundary, which can be seen in the WTRMP data as a very narrow, >14km long, unbroken magnetic feature.

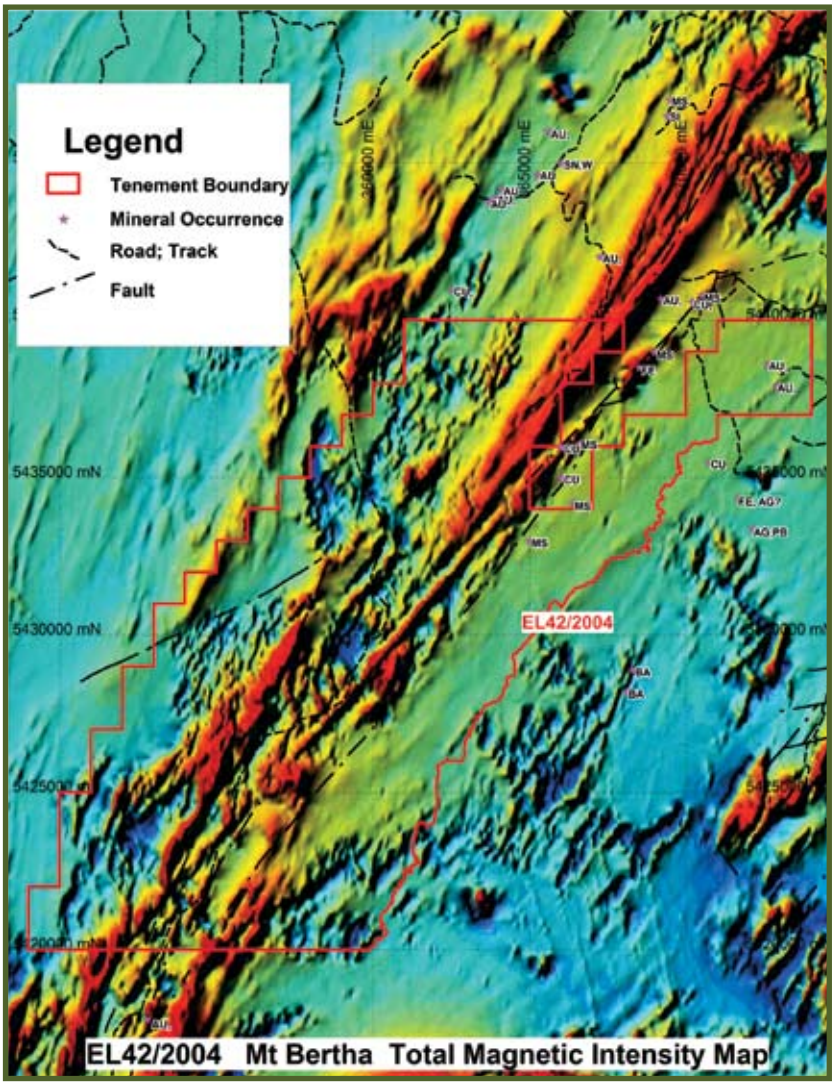
The dominant structural grain is parallel to the NE-SW striking AMC. In the past there have been suggestions of major NW trending transform faults cutting across stratigraphy, but not necessarily across the AMC. The structural picture is complicated by the thrust faulting overprint associated with subduction.

Figure 16 Mt Bertha Geology Map



(source MRT)

Figure 17 Mt Bertha Total Magnetic Intensity Map (MRT)



(source MRT)

Reported mineral occurrences on the property are limited. The Lyons River Magnesite #3 exists on the licence peripheral to the main magnesite leases that occur just beyond the northeast corner of the tenement (Lyons/Arthur River magnesites – held by competitors). Two small gold occurrences, Pikes Diggings and Campbell's Creek, can be found at the extreme northeast end of the licence, both for alluvial gold. In that general north east area, gold occurs as numerous small scale hard rock and alluvial deposits which were mainly worked in the 19th Century. There are minor copper occurrences immediately north east of the tenement e.g. the Victory Mine, Lyons River A and B and Blue Peak.

The Mt Bertha quarry located in the centre of the licence is presumably a roadstone quarry in basalt, used for the Savage River Pipeline Road. However there is no known road that goes to it and thus its location is questionable.

Magnesite exploration in the AMC has been a dominant exploration feature for the licence, particularly around its north east margin. The following extract is from MRT:

"Magnesite deposits of high purity and substantial size are known at Arthur River, Lyons River, north of Savage River and Main Creek to the south and there is a significant body to the east of the Northern deposit at Savage River. Frost (1982) has considered the Main Creek body to be a metasomatic replacement of dolomite, but oxygen

and carbon isotope analyses of the Savage River deposit and magnesite at Long Plains indicate a diagenetic origin, probably in a hypersaline environment (Matzat 1984), and it is likely that all of the deposits share a common origin."

Information supplied by MRT indicates that the dolomites in the equivalent Togari Group are probably diagenetic in origin e.g. preserved ghost textures of original oolites in the Smithton Dolomite. Pictures of magnesite textures and deposit details are included in Dickson 1983 and 1984.

The Lyons (River) A and B copper occurrences have been referred to as chalcopyrite with pyrite occurring in brecciated and silicified dolomitic slate of the Keith Schist (Porter 1971). They are part of a sequence that included pyritic beds and magnesite and were explored for on the basis of a stratabound/sediment hosted copper mineralisation model. These units strike onto the Mt Bertha licence but disappear beneath basalt cover.

The Victory Copper Mine lies 2km north of the north eastern corner of the licence. It comprises malachite and chalcopyrite with dolomite gangue in a N-S trending contact zone between dolomite and quartz mica schist. Reports of high grade copper (22.4%) exist along with "8ozs 3dwts 8grs of silver and 10dwts 4grs of gold". A calcareous amphibolite with quartz-carbonate-pyrite-chalcopyrite veins and an irregular body of magnetite (with 900pm Cu) occurs 1.5km west of the Victory Mine and corresponds to an airborne magnetic anomaly.

The Blue Peak mineral occurrence is a series of narrow quartz veins with chalcopyrite (& gold & pyrite), 1.64%Cu and 2.8dwt/ton Au. It was located by Murchison Nickel within the north western corner of the Shree licence (Anon 1971), but later reports including the MRT mineral occurrence database, have placed it 1km north of the licence.

The Keith River Gossan lies 1.5km north east from the Mt Bertha licence boundary, in an excised embayment to the licence. It is hosted by amphibolite and pyritic siltstones on the western flank of the Keith Schist adjacent to the main NE structural line, which has Permian downthrown on its NW side. This unit has been postulated as a correlate of the Savage River magnetite-pyrite unit.

The nearby Savage River Iron Ore Mine (15km south west of the southern boundary) consists of concordant massive pyrite-magnetite lenses hosted by greenschist grade tholeiitic metabasalts of the Bowry Formation.

Exploration Programme

Shree's exploration plans and strategies for this tenement (as advised to the Author) recognise that the tenement's large expanse provides a variety of commodity opportunities. Very little previous geochemical exploration has been undertaken, mainly due to the remoteness and the Tertiary basalt cover. The initial strategy will be prompt field testing of discrete magnetic features associated with major structures, possibly with helicopter support (Figure 16). This should entail detailed ground geophysical surveys i.e. ground magnetics to locate the previously identified magnetic anomalies and model them with the aim being to locate drillholes for target testing. Initial diamond drilling will initially be of a reconnaissance style moving to a detailed diamond drilling campaign whenever results are favourable.

The proposed programme and budget is considered by the Author to be appropriate for the level of work intended (Table 14). The project will be results driven and thus some modifications to the programme may be required as field results are obtained.

Table 14 Mt Bertha EL43/2004 Exploration Budget

	Minimum Subscription Cost A$	Over Subscribed Cost A$
Mt Bertha EL 42/2004		
Gridding & line cutting	25,000	25,000
Ground geophysical surveys	15,000	15,000
Diamond drilling	190,000	190,000
Reporting & evaluation	10,000	10,000
Tenement rental etc	10,000	20,000
Total	**$250,000**	**$260,000**

Exploration Potential

The area contains a variety of geological elements that could result in several different types of target commodity. The principal targets are:

1. Fe-Ox copper-gold orebodies associated with brecciation zones along a major fault. Possibly gold-magnetite lodes similar to the Tennant Creek area.
2. Nickel mineralisation possibly of the Avebury-style.
3. Possible iron ore deposits similar to Savage River.
4. Besshi-style copper mineralisation is a possible target with the geologic setting similar to the Japanese Sambagawa Metamorphic Belt (Botterill et al).
5. High grade magnesite similar to the deposits occurring beyond the north east corner of the licence.

These targets are not Mineral Resources nd are only conceptual in nature. There has been insufficient exploration to define Mineral Resources and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Respectfully submitted,

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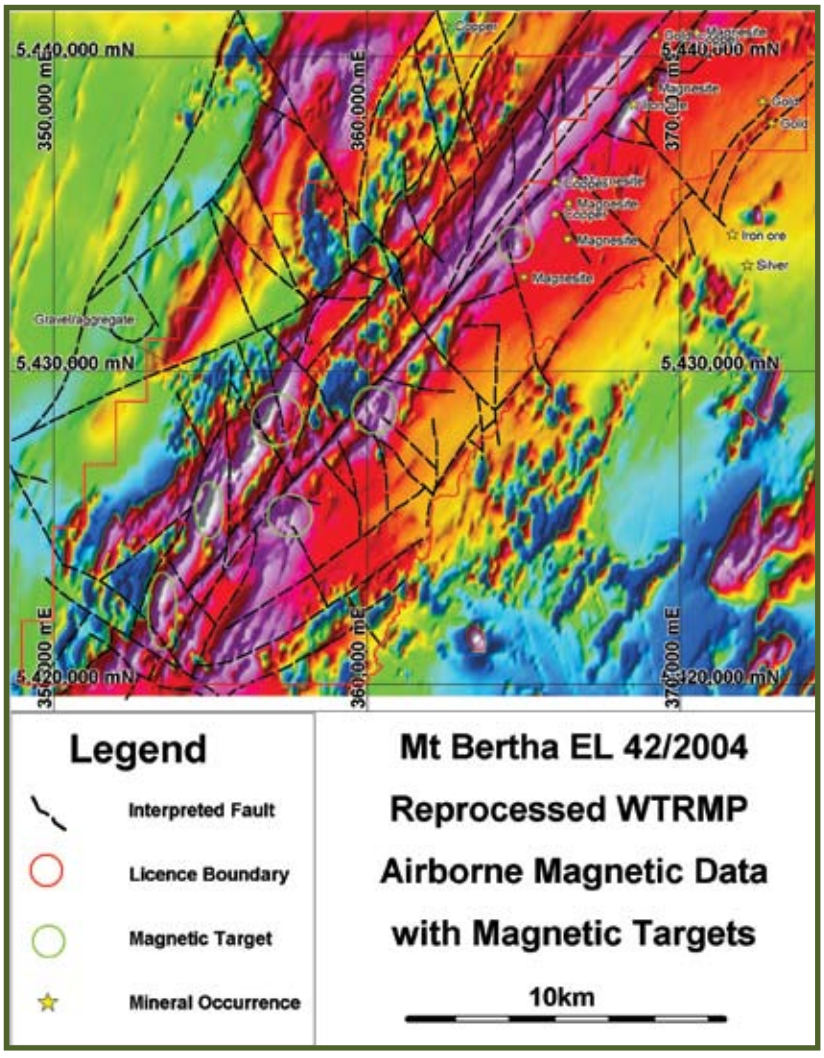
17th November 2009

Figure 18 Mt Bertha Reprocessed Magnetic Data and Targets



(image from Hungerford 2005)

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GLOSSARY

Abbreviation	Explanation & Units of Measure
cm	Centimetre - 100 centimetres = 1 metre
g	Gram - 1000 grams = 1 kilogram
g/t	Gram/tonne, 1g/t =1ppm
km	Kilometre - 1 kilometre = 1000metres
m	Metre
ma	Million years ago
oz	Troy ounce - 12 troy ounces = 1 Avoirdupois pound (lb), 1oz = 31.103477g
sq.km.or km2	Square kilometre - an area equal to 1000 metres by 1000 metres
t	Tonne - a metric tonne, 1 tonne = 1000 kilograms
tons	Imperial (UK) Tonnes 1 ton = 1018.18 kilograms
ppm	Parts per million, 1ppm = 1 g/t
ppb	Parts per billion, 1000ppb = 1 ppm
Ag	Silver
Au	Gold
Cu	Copper
Fe	Iron
Ir	Iridium (a platinum group element)
Ni	Nickel
Os	Osmium (a platinum group element)
Pb	Lead
Sn	Tin
W	Tungsten
Zn	Zinc

Technical Name	Explanation of Term
Adit	Horizontal passage from the surface into a mine.
Aeromagnetic survey	An aerial survey made for the purpose of recording magnetic characteristics of rocks.
Allochthonous	A block of rock (any scale) transported to its current position usually by tectonic forces
Alluvial	Deposited by a stream or river. Said of a placer deposit formed by the action of running water.
Alteration	Change in the mineralogical and chemical composition of a rock, generally produced by hydrothermal fluids or by weathering.
Amphibole	A calcium, iron, magnesium silicate mineral usually dark green
Andesite	A dark coloured, fine-grained, usually extrusive rock of intermediate composition. The fine-grained equivalent to gabbro.
Ankerite	An iron, magnesium carbonate mineral
Anomaly	Value higher or lower than the expected norm.
Arsenic	A common element associated with gold; elemental analysis used a as pathfinder for gold mineralisation
Arsenopyrite	A iron, arsenic sulphur mineral similar to pyrite
Auriferous	Gold bearing.
Autochthonous	A block of rock (any scale) that was formed in its current position and was not transported
Basalt/basaltic	A fine-grained dark coloured extrusive volcanic rock with a low silica content.
Base metal	Generally a non-ferrous metal inferior in value to the precious metals; usually and especially copper, lead, zinc and nickel.
Bifurcating	A single structure which splits into two
Bituminous	
Breccia	A course-grained rock consisting of angular broken rock fragments held together by a fine-grained matrix, distinct from conglomerate.
Brecciated	A rock that has been broken up into fragments and recemented
Brownfield	Of exploration; generally an area with previous work undertaken, often close to a mine or deposit
Technical Name	Explanation of Term
Cainozoic	A geological era for rocks from 65 million years old to the present day
Calc-alkaline	Calcium-rich feldspar igneous rock
Calcareous	A rock with calcium carbonate (calcite) within it; reacts to dilute hydrochloric acid
Cambrian (Cambro-)	A geological time period from 435 to 395ma
Carbonaceous	Containing carbon – often of organic origin.

Technical Name	Explanation of Term
Carbonate	Generally synonymous with limestone; but can be a reference to calcium and oxygen as part of a mineral e.g. calcite is calcium carbonate
Carboniferous	A geological time period ranging from 345 and 280 million years ago.
Chalcopyrite	A sulphide of copper and iron.
Channel sample	A sample obtained by cutting a rectangular channel across a rock face: more representative than a chip sample or a grab sample.
Chert	A quartz-rich sedimentary rock formed by chemical precipitation
Chlorite (-ic)	Iron rich alteration mineral
Clastic	of sediments derived by erosion of landmasses
Cleavage	A rock fabric of fine fractures imparted during deformation
Colluvial (-ium)	A general term applied to loose and incoherent deposits usually at the foot of a slope.
Complex	A stratigraphic unit that includes a mass of structurally complicated rocks.
Composite	Can be either a combination of samples to produce even and comparable samples or a statistical method of standardising data
Conformable	One package of sediments lying on top of another with no discernible difference in bedding angles
Conglomerate	A sedimentary rock formed by the cementing together of rounded, water-worn pebbles, distinct from breccia.
'C' Soil Sample	Refers to the C horizon developed with soil formation, generally at the base of the soil where it passes into partially weathered rock
Detection limits	In laboratory analysis the lowest and highest level at which an element concentration can be accurately measured
Devonian	A geological time period from approximately 410 to 345 million years ago.
Diagenetic	
Diamond Drilling	A method of drilling that produces drillcore using diamond studded drill bits to cut the rock
Dip	The angle that a stratum or planer feature such as a fault makes with the horizontal, measured perpendicular to the strike and in the vertical plane.
Disseminated	Descriptive of mineral grains which are scattered throughout the host rock.
Dolerite	An igneous iron-rich rock usually found as dykes
Dolomite (-ic)	A calcium magnesium carbon mineral; can also be a rock type
Dunite	An igneous ultramafic rock composed 90% of olivine minerals
Dyke	A tabular igneous intrusion which cuts across the bedding or other planer structure in the enclosing rock.

Technical Name	Explanation of Term
Epithermal	A deposit formed by low temperature hydrothermal fluids at shallow depths in the earth's crust; associated with volcanic rocks
Exposure	A place where rocks can be seen in situ
Facing	Used to describe which way the sedimentary rocks are younging
Fault bounded	A group of rocks that are constrained by geological faults
Feldspar	A common group of aluminium silicate minerals.
Felsic	Igneous rock composed mainly of light coloured minerals like quartz and feldspar (opposite of mafic; synonymous with acid); relatively high in silica and alumina and low in iron and magnesium.
Fissure vein	A cleft or crack in solid rock, commonly filled with mineral matter different from the enclosing walls.
Fold belt	A somewhat linear or curvilinear group of rocks, of sub-continental scale, that have suffered a common history of deformation (folding) and other geological events, such as mineralisation.
Formation	A (named) succession of sedimentary beds having some common characteristics.
Gabbro	A mafic intrusive igneous rock.
Galena	Lead sulphur mineral
Gamma logging	A geophysical measuring technique designed to pick up gamma radiation relevant to different mineral types
Garnet	A calcium, iron, magnesium silicate mineral with different extra elements producing different colours
Geochemical sampling	Systematic collection of rock or soil samples in order to study their chemistry.
Geochemical survey	A systematic study of the variation of chemical elements in rocks or soils.
Geochemically anomalous	An area having elevated levels of specified elements in rocks or soils.
Geophysics	Study of the earth by quantitative methods.
Geoscientific	A term used to describe a range of disciplines related to the study of the earth
GIS	Geographical Information System a method of looking a spatial data using specialist software
Glacial deposits	Accumulation and deposition of debris associated with glacier movements
Glaciomarine	A sediment derived from glacial deposits formed offshore
Goethite	A hydrated iron oxide mineral developed from weathering; yellow in colour
Gondwana	A supercontinent that existed in the Mesozoic Era
Gossan	A hard iron rich rock usually of hematite mineralisation

Technical Name	Explanation of Term
Graben	A downthrown block between faults
Grade	Average quantity of ore or metal in a specified quantity of rock.
Granite (-ic)	Course-grained felsic igneous rock containing quartz and feldspar.
Greenfield	Of exploration; generally were there has been no previous work or only very minor amounts
Greenschist	A reference to a level of regional metamorphism imposed on rocks often through tectonic activity
Ground EM	An electromagnetic (EM) ground based geophysical method for detecting sulphide mineral accumulations
Ground magnetic survey	Surface geophysical survey investigating variations in the earth's magnetic field intensity.
Group	The formal stratigraphic unit next in rank above Formation. A Group contains two or more associated Formations with significant features in common.
Hematite	An iron oxide mineral, often a product of weathering and distinctly red in colour
Hydrothermal	Of, or pertaining to, heated waters which transport minerals in solution.
Igneous	Rocks formed from solidification of molten material either at surface (volcanic) or at depth (intrusive).
Induced Polarisation ("IP")	A surface electrical geophysical surveying method.
Inlier	A collection of older rocks (or a region) surrounded by a much younger sequence of rocks
Intermediate	Descriptive of igneous rocks lying midway between acid and basic (or felsic and mafic) in composition
Intrusive	An igneous rock mass emplaced in a largely molten state within surrounding older rock.
Iron Ore	A older term for iron mineralisation usually hematite or magnetite
Island Arc	A chain of islands formed by volcanic activity related to subduction
Jurassic	A time period from approximately 205 to 141 million years ago.
Lacustrine	Sediment deposits formed in a lake environment
Limestones	Calcium carbonate-rich sedimentary rocks
Lithological competency contrast	Packages of rocks that display different physical properties when deformed; usually associated with structurally controlled deposits
Lithology (-ies)	The same as rock type, the description of rocks.
Lode	Aggregate of minerals in a mineral deposit.
Mafic	Igneous rocks with dark colouration due to high magnesium and iron content (opposite of felsic; synonymous with basic.
Magma chambers	Cavernous area formed and filled by molten rock deep within the earth

Technical Name	Explanation of Term
Magnesite	Magnesium carbonate mineral (listed as MS on the included maps)
Magnetite	An iron oxide mineral that is magnetic
Mesoproterozoic	A geological era form 1000 to 1600ma
Meta-	A prefix indicating that the rock-type has been metamorphosed
Metalliferous	Of or pertaining to metals; metal-rich or metal-bearing.
Mineral occurrence	An existence of a mineral accumulation; can range in size from a small solitary vein to a large mine
Mining lease ("ML")	A tenement on which mining may take place.
Technical Name	Explanation of Term
Mudstone	A fine grained sedimentary rock in which the proportion of clay and silt are approximately equal.
Neoproterozoic	A geological era from 570 to 1000ma
Normal Fault	A steeply dipping geological break in solid rocks where one block has slid down relative to the other
Obduction	A process that causes large blocks of rocks (many kms) to be scrapped off a subsiding geological plate (from subduction) and welded on to the opposite plate
Olivine	A calcium, iron, magnesium silicate
Oolites	Small particles e.g. sand grains, coated with calcium carbonate to form spherical shapes that can be converted to rocks
Ophiolites	Iron and magnesium-rich rocks formed on the seafloor and magma chambers, and then caught up in subduction
Ordovician	A geological time period from 500 to 435ma
Ore	A mining term to indicate mineralisation that can be mined at a profit
Orebody	A term, often misused, to describe economic mineralisation
Orogenesis	Literally mountain building through earth movements
Orogeny	A major phase of upheaval in the earth's crust
Ounce (oz)	Refers here to a troy ounce which is a unit of measure for precious metals, there are 12 troy ounces to one avoirdupois pound
Outcrop	Rock that comes to surface; can be covered by unconsolidated material and not visible
Palaeo-	A combining form meaning old or ancient.
Palaeozoic	A geological era from 570 to 250ma
Palladium	A precious metal usually associated with ultramafic rocks (a platinum group element)
Pelite	A metamorphosed fine grained siltstone or mudstone

Technical Name	Explanation of Term
Permian	A time period from approximately 280 to 248 million years ago.
Permo-Carboniferous	Strata not differentiated between the Permian and Carboniferous systems, particularly in regions where there is no conspicuous stratigraphic break and fossils are transitional.
Phyllite	A metamorphosed fine grained siltstone or mudstone usually with a strong cleavage
Placer deposit	River derived sediment rich in economic minerals e.g. gold, diamonds
Platinum	A precious metal usually associated with ultramafic rocks
Platinum Group Elements	A group of rare and precious metals; includes platinum, palladium, rhodium, ruthenium, osmium and iridium
Platinum Group Minerals	Minerals containing platinum group elements
Pleistocene	A geological age from 1.8 million years to the present day equivalent to the Quaternary
Polymetallic	A number of different metallic species, applied to a vein or other type of deposit.
Porphyry (-itic)	An igneous rock in which large crystals ("phenocrysts") are scattered through a matrix of smaller crystals ("groundmass"); rocks displaying such textures.
Precious metals	Includes gold, silver and the platinum group metals.
Proterozoic	A geological eon from 570 to 2500ma
Province	A geological region with a common theme
Pyrite	Common iron sulphide mineral.
Pyroxene	A calcium, iron, magnesium silicate
Pyroxenite	An igneous ultramafic rock composed mainly of pyroxene minerals
Quartz	A mineral composed of silicon and oxygen.
Quaternary	A geological age from 1.8 million years to the present day equivalent to the Pleistocene age
RC Drilling	Reverse Circulation Drilling - A percussion drilling technique in which the cuttings are recovered up the inside of the drill rods to minimize contamination from the wall of the hole.
Radiometric Data	Data that measures the concentrations of certain different radioactive isotopes found within rocks; usually an aerial survey
Recent	Often referred to sediments deposited since the last Ice Age, 10,000 years ago
Regional metamorphism	Large scale alteration of existing rocks by fluids generated by being buried, heated and deformed
Reserve	The economically mineable part of a resource.
Resource	An estimate of the total amount of a commodity or mineral in a given place, province, country etc.

Technical Name	Explanation of Term
Rhyolite	An acid igneous extrusive rock
Rifting	Splitting and separation of very large landmasses through geological forces
Rock chip sampling	Obtaining a sample, generally for assay, by breaking chips off a rock face.
Schist	Regionally metamorphosed rock characterised by parallel arrangement of mineral constituents
Sedimentary Basin	A large area , 100s to 1000s square kilometres, which where sediments accumulate e.g. in the sea
Sericite	A fine grained form of mica formed by the chemical alteration of other minerals.
Serpentinite	An ultramafic rock that has been wholly altered to serpentine mineral
Shaft	A vertical or steeply-inclined excavation used for access to a mine.
Shale	A very fine grained clastic rock
Siderite	An iron carbonate mineral
Silicic	Said of a silica rich igneous rock or magma.
Siliciclastic	A sedimentary rock with a dominance of quartz grains
Silicified/siliceous	The introduction of, or replacement by, silica, which may replace existing minerals
Sill	A narrow igneous rock intruded horizontally into pre-existing rocks usually sediments and thus parallel to bedding
Siltstone	Sedimentary rock composed of silt-sized particles.
Silurian (Siluro-)	A geological time period from 570 to 500ma
Sinistral	Used to describe apparent fault movement in this case to the left
Sinter	Silica deposited by hot springs
Skarn	A metamorphosed calcareous sediment into which silica and other elements, often including metals, have been introduced from an adjoining intrusive body.
Slate Belt	A type of geological setting for gold deposits; usually in deformed rocks derived from sediments
Soil geochemistry	A systematic sampling and chemical analysis of soils.
Sphalerite	A sulphide mineral of zinc and iron, the main ore mineral of zinc.
Splay	A subsidiary fault that splits off from a main fault
Stilpnomelane	A mineral predominantly of iron, silica and oxygen (silicate), can have other elements substituting for iron e.g. manganese, aluminium
Stratabound	Often referred to mineralisation hosted within a certain rock type/strata but not as distinct layers
Stratiform	Monominerallic layers usually parallel to bedding and sediment deposition

Technical Name	Explanation of Term
Stratigraphy (-ic)	The study of stratified rocks and the rock beds relationships
Stratotectonic	A collection of rocks usually sedimentary which have undergone a related episode(s) of deformation
Stream sediment geochemistry	Systematic sampling and chemical analysis of sediments within drainage channels.
Strike	Trend or direction of rock strata in a horizontal plane; to extend in that direction.
Strip Ratio	A mining term relating how many units of waste material has to be removed for one unit of ore
Structurally controlled	A general term for geological features formed by faulting and/or deformation
Structure	A general term used to describe a linear feature e.g. a vein, fault, dyke, fissure
Subduction zone	A region where oceanic crust descends into the Earth's mantle.
Suite	A particular arrangement of associated rock types
Sulphide	A mineral compound characterised by the linkage of sulphur with metal.
Swamping'	An image effect on a geophysical map whereby a large and intense magnetic anomaly masks subtle geological detail on the surrounding imaged data
Syncline	A basin shaped fold in the rocks
Syndepositional fault	A fault penetrating deep into the earth that is moving whilst sedimentation is going on; often related to orebody formation
Tectonic	General term descriptive of all movement of the Earth's crust caused by directed pressures.
Tectonic suture	A linear feature or zone that marks the welded junction of two geological plates (can be terranes)
Tenement	A land use instrument issued by state governments for regulation of mineral exploration and mining.
Terrane	A term to denote a group of formations with a linked heritage
Tertiary	A geological time period between 65 and 2 million years ago.
Tholeiite	A type of basalt of distinct mineral composition
Thrust stacking	A sequence of shallow dipping faults overlying each other
Triassic	A time period from approximately 251 to 205 million years ago.
Tuff (-aceous)	Volcanic ash strata (derived from weathering of, or containing, tuff strata).
Turbidite	A quartz-mica sediment deposited in a rapid fashion at great distances offshore
Ultramafic	Igneous rocks containing a high proportion of iron and magnesium silicate minerals with no quartz
Unconformable (-y)	Descriptive of rocks on either side of an unconformity.

Technical Name	Explanation of Term
Unconformity	Lack of parallelism between rock strata in sequential contact, caused by a time break in sedimentation.
Vein	Generally tabular mineral deposit, usually relatively narrow and occurring between well defined walls.
Volcanic hosted massive sulphide VHMS	A major accumulation of sulphide minerals, usually pyrite, sphalerite and galena, within and parallel to the stratification of volcanic material
Volcanic(s)	Pertaining to volcanoes, a rock produced by volcanic activity.
Volcaniclastics	A clastic rock containing material derived from volcanic source rocks.
Younging	The direction to which the youngest rocks occur in a sedimentary layered sequence

07 INDEPENDENT ACCOUNTANT'S REPORT

The Directors
Shree Minerals Limited
Level 1, 16 St Georges Terrace
PERTH WA 6000

17 November 2009

Dear Sirs

INDEPENDENT ACCOUNTANT'S REPORT ON UNAUDITED PRO-FORMA

HISTORICAL FINANCIAL INFORMATION

Grant Thornton (WA) Partnership ("Grant Thornton") has been engaged by Shree Minerals Limited ("Shree Minerals" or "the Company") to prepare this Independent Accountant's Report ("Report") for inclusion in a prospectus to be issued on or around 19 November 2009 ("Prospectus").

1. Background Information

Shree Minerals Limited was incorporated on 14 April 2008.

Since incorporation the activities undertaken by the Company have been to negotiate and secure interests in a number of exploration tenements and to prepare for its proposed listing on the Australian Securities Exchange Ltd ("ASX").

Shree Minerals is issuing the Prospectus to offer 15,000,000 ordinary fully paid shares ("Shares"), at an issue price of 20 cents per Share ("the Offer") to raise $3,000,000 and the issue of one option ("Options") for every two shares issued totalling 7,500,000 options at an exercise price of 20 cents. The principal objective of the Offer is to raise funds for the exploration activities of Shree Minerals. Oversubscriptions on the Offer may be accepted through the issue of a further 5,000,000 Shares at 20 cents each, to raise up to an additional $1,000,000. This includes the issue of one Option for every two shares issued totalling 10,000,000. The minimum subscription of the Offer is the issue of 15,000,000 Shares at 20 cents each to raise $3,000,000. The Offer is not underwritten. The Prospectus also includes a "Priority Offer" of 5,000,000 Shares to be allocated to the shareholders of Gujarat NRE Minerals Limited. Further details can be found in the Prospectus.

Contingent upon the successful listing of the Company on the ASX, the Company will expend the majority of the funds over time to evaluation and exploration activities, in particular the exploration and development of tenements its Nelson Bay River magnetite project in Tasmania. The Offer being made will provide funds for the feasibility study of the Nelson Bay River project for producing a dense media separation product for the coal washery market and to explore for increasing the size of the resource. The funds will also be used for exploration of the Company's other resource prospects including various joint venture projects comprising the Sulphide Creek Project, the Catamaran Project, the Mt. Bertha project, the Mt. Sorell project, Rebecca Creek project and the Adamsfield project in Tasmania.

Expenses of the issue related predominately to the 5% placement fee on the issue of shares.

The Pro-Forma Balance Sheets reported in Appendix A have assumed that the minimum or the maximum subscription of $3,000,000 and an oversubscription amount of $4,000,000 will be achieved.

If the $3,000,000 minimum subscription is not raised, all applications monies will be returned to the applicants in accordance with the Corporations Act 2001.

2. Historical and Pro-Forma information

The historical and pro-forma information (together referred to as "the financial information") set out in Appendices A and B of this Report comprises:

- The Income Statement for the year ended 30 June 2009;
- The Balance Sheet as at 30 June 2009;
- The Cash flow Statement for the year ended 30 June 2009;
- The Statement of Changes in Equity for the year ended 30 June 2009;
- The Balance Sheet as at 30 June 2009 and the pro-forma Balance Sheets as at 30 June 2009, based on the assumption that the transactions contemplated in the Prospectus have been completed at 30 June 2009; and
- Notes to the audited and pro-forma financial information.

The historical financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The historical financial information is presented in an abbreviated form in so far as it does not include all the disclosures required under IFRS applicable to annual financial reports.

3. Scope

You have requested Grant Thornton to prepare this Report covering the following information:

- The historical results of the Company for the year ended 30 June 2009.
- The historical Balance Sheet as at 30 June 2009; and
- The Pro-forma Balance Sheets as at 30 June 2009, which assumes completion of the contemplated transactions disclosed in the Prospectus.

The historical information set out Appendices A and B has been extracted from the audited records of the Company for the year ended 30 June 2009.

The Directors of Shree Minerals are responsible for the preparation and presentation of the financial information included in this Report. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and estimates inherent in the financial information.

We have made such enquiries and performed such procedures as we in our professional judgement, consider reasonable in the circumstances including:

- analytical procedures on the interim financial performance of the Company for the relevant historical period;
- a review of accounting records, work papers and other documents;
- a review of the assumptions used to compile the pro-forma Balance Sheets;
- a comparison of consistency in application of the recognition and measurement principles of the applicable financial reporting framework and the accounting policies adopted by the Company; and
- enquiry of directors, management and other persons directly responsible for financial and accounting matters.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit and accordingly we do not express an audit opinion.

4. Conclusion

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the historical financial information contained in Appendices A and B does not present fairly the historical financial position of the Company as at 30 June 2009 and its historical performance and cash flows for the year ended 30 June 2009 in accordance with, in all material respects, the recognition and measurement principles prescribed in IFRS and other mandatory professional reporting requirements, and the accounting policies adopted by the Company; and
- the pro-forma Balance Sheets as at 30 June 2009 has not been properly prepared on the basis of the pro-forma transactions as described in Appendix B of this Report in accordance with, in all material respects, the recognition and measurement principles prescribed in IFRS and other mandatory professional reporting requirements, and the accounting policies adopted by the Company.

5. Subsequent Events

To the best of our knowledge and belief, and based on the work we have performed as described in the Scope paragraph above, there have been no material transactions or events subsequent to 30 June 2009, other than those disclosed in the Prospectus and Appendix B of this Report, that would require comment on, or adjustment to, the information referred to in our Report or that would cause the information included in this Report to be misleading or deceptive.

6. Disclosures

Grant Thornton directors, employees or related entities does not have any pecuniary interest that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion in this matter. Grant Thornton will receive a fee for the preparation of this Report.

The Directors have agreed to indemnify and hold harmless Grant Thornton and its directors and employees from any claims arising out of misstatement or omission in any material or information supplied by the Directors.

Consent for the inclusion of the Independent Accountant's Report in Prospectus in the form and context in which it appears has been given. At the date of this Report this consent has not been withdrawn.

7. General Advice Warning

The giving of our consent for the inclusion of this report in the Prospectus should not be taken as an endorsement of Shree Minerals or a recommendation by Grant Thornton of any participation in the Offer by any intending investors.

The author of this report gives no assurance or guarantee whatsoever in respect of the future success of or financial returns associated with the subscription for shares being offered pursuant to this Prospectus.

This report should be read in conjunction with Appendices A to C.

Yours faithfully

GRANT THORNTON (WA) PARTNERSHIP

P W Warr
Partner

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Audited Actual
	30 June 2009 $
Revenue	19,926
Total Revenue	19,926
Expenses Administration expenses	(141,349)
Loss before income tax expense	(121,423)
Income tax expense	-
Loss after income tax expense	(121,423)

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

BALANCE SHEET AS AT 30 JUNE 2009 AND PRO FORMA BALANCE SHEETS AT 30 JUNE 2009

	Note	Audited Actual 30 June 2009 $	Reviewed Pro-forma 30 June 2009 Minimum Subscription $	Reviewed Pro-forma 30 June 2009 Maximum Subscription $
Current Assets				
Cash and Cash Equivalents	4	235,997	3,715,997	4,665,997
Trade and other receivables		9,086	9,086	9,086
Total Current Assets		**245,083**	**3,725,083**	**4,675,083**
Non-current Assets				
Mineral Exploration and Evaluation Expenditure	5	3,381,029	3,881,029	3,881,029
Total Non-current Assets		3,381,029	3,881,029	3,881,029
Total Assets		**3,626,112**	**7,606,112**	**8,556,112**
Current Liabilities				
Trade and Other Payables	6	160,686	10,686	10,686
Provisions		16,910	16,910	16,910
Total Current Liabilities		**177,596**	**27,596**	**27,596**
Non Current Liabilities				
Payables	7	1,000,000	-	-
Total Non Current Liabilities		**1,000,000**	**-**	
Total Liabilities		**1,177,596**	**27,596**	**27,596**
Net Assets		**2,448,516**	**7,578,516**	**8,528,516**
Equity				
Contributed Equity	8	2,581,848	7,761,848	8,711,848
Retained Earnings		(133,332)	(183,332)	(183,332)
Total Equity		**2,448,516**	**7,578,516**	**8,528,516**

The above balance sheet and pro-forma balance sheets should be read in conjunction with the accompanying notes.

CASHFLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Audited Actual
	30 June 2009 $
Operating Activities	
Interest received	19,926
Payments made to suppliers	(333,608)
Finance and borrowing costs paid	(1,628)
Cash inflows/(outflows) from operating activities	**(315,310)**
Investing Activities	
Payments made for Exploration & Evaluation activities	-
Cash inflows/(outflows) from investing activities	**-**
Financing Activities	
Proceeds from issues of shares and other equity securities	600,000
Proceeds from borrowings	-
Repayments of borrowings	(49,675)
Cash inflows/(outflows) from financing activities	**550,325**
Net increase/(decrease) in cash	235,015
Cash at the beginning of the period	982
Cash at the end of the period	**235,997**

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

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD OF INCORPORATION TO 30 JUNE 2009

	Issued Capital	Retained Earnings	Total
	Audited $	Audited $	Audited $
Incorporation	-	-	-
Share capital issued	3,500,400	-	3,500,400
Loss attributable to members of the Company	-	(11,909)	(11,909)
Balance as at 30 June 2008	**3,500,400**	**(11,909)**	**3,488,991**
Balance as at 1 July 2008	**3,500,400**	**(11,909)**	**3,488,991**
Reduction in share capital issued	(900,000)	-	(900,000)
IPO Consultancy fees	(18,552)	-	(18,552)
Loss attributable to members of the Company	-	(121,423)	(121,423)
Balance as at 30 June 2009	**2,581,848**	**(133,332)**	**2,448,516**

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

NOTES TO THE FINANCIAL STATEMENTS

The extract of significant accounting policies which have been adopted in the preparation of the historical financial information on the Company is summarised below.

1. BASIS OF PREPARATION

The financial information has been prepared in accordance with the measurement and recognition (but not all the disclosure) requirements of applicable Accounting Standards and other mandatory professional requirements in Australia using the accrual basis of accounting including the historical cost convention and the going concern assumption.

(a) Going Concern

The Directors have prepared the Balance Sheet on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishments of liabilities in the ordinary course of business.

The ability of the Company to meet its existing and future obligations will depend on the ability to raise funds pursuant to the Prospectus, or from other sources, and to raise further funds through the issue of additional share capital to meet future exploration commitments, as and when required. If the Company does not raise further capital in the short term, it can continue as a going concern by reducing planned but not committed exploration expenditure until funding is available and/or entering into joint venture arrangement where exploration is funded by the joint venture partner.

(b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

For the purposes of Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(c) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to their acquisition.

(d) Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(f) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(g) Borrowing Costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(h) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances, and amounts collected on behalf of third parties. Revenue is recognised for major business activities as follows;

(i) Sale of goods

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

(ii) Interest income

Interest revenue is recognised on a time proportional basis using the effective interest method.

(i) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary arising from initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between carrying amount and tax bases of investments in controlled entities where the parent is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(j) Exploration and evaluation expenditure

Exploration and evaluation costs related to areas of interest are carried forward to the extent that:

(i) the rights to tenure of the areas of interest are current and the Company controls the area of interest in which the expenditure has been incurred; and

(ii) such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or

(iii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets will be assessed annually for impairment and where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units.

NOTES TO THE FINANCIAL STATEMENTS *(CONT.)*

The income statement will recognise expenses arising from the excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets. Expenditure capitalised under the above policy is amortised over the life of the area of interest from the date that commercial production of the related mineral occurs. In the event that an area of interest is abandoned or if the directors consider the expenditure to be of no value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(k) Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(l) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset at the following rates:

Plant and equipment — 10% to 30%.

Impairment

The carrying values of plant equipment and software are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired. Impairment exists when the carrying value of an asset or cash generating unit exceeds its estimated recoverable amount. The assets or cash-generating units are then written down to their recoverable amount.

Derecognition and disposal

An item of plant equipment and software is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

(m) Post Balance Date Events

There have been no material post balance date events, except for those that have been incorporated into the pro-forma balance sheets.

NOTES TO THE FINANCIAL STATEMENTS *(CONT.)*

(n) Basis of Preparation of the Pro-forma Balance Sheets

The Pro-Forma Balance Sheets has been prepared from the Audited Balance Sheet adjusted for the following transactions as if they had taken place on 30 June 2009:

Minimum subscription

i) Issue of 15,000,000 fully paid ordinary shares at 20 cents each to raise $3,000,000.

ii) The payment of the estimated costs of the Offer of $300,000.

iii) The reimbursement of $500,000 relating to past expenditure incurred by Gujarat NRE Minerals Limited on the tenements following the capital raising.

iv) The issue of 250,000 ordinary shares (deemed price of 20 cents) and 250,000 options to Zurich Financial services as part consideration for capital raising fees. The total costs of the minimum subscription are estimated to be $300,000.

Under the minimum subscription, 7,500,000 options exercisable two years from issue at an exercise price of 20 cents will be issued.

The pro-forma Balance Sheet at 30 June 2009 also allows for the following transactions which have occurred between 30 June 2009 and the date of this report.

i) The issue of 750,000 ordinary shares to IACG Pty Ltd at 20 cents as settlement of an amount of $150,000 owing to IACG Pty Ltd at 30 June 2009 as part of a Farmin Agreement with the Company entered into in September 2008.

ii) The issue of 8,000,000 ordinary shares at 16 cents to China Alliance.

iii) The issue of 5,000,000 ordinary shares at 20 cents to Gujarat NRE Minerals. Limited as restricted securities as consideration for an amount of $1million payable at 30 June 2009.

Maximum subscription

i) Issue of 20,000,000 fully paid ordinary shares at 20 cents each to raise $4,000,000.

ii) The payment of estimated costs of the Offer to $350,000.

iii) The reimbursement of $500,000 relating to past expenditure incurred by Gujarat NRE Minerals Limited on the tenements following the capital raising.

iv) The issue of 250,000 ordinary shares (deemed price of 20 cents) and 250,000 options to Zurich Financial services as part consideration for capital raising fees. The total costs of the maximum subscription are estimated to be $350,000.

Under the maximum subscription, 10,000,000 options exercisable two years from issue at an exercise price of 20 cents will be issued.

The pro-forma Balance Sheet at 30 June 2009 also incorporates the following transactions which have occurred between 30 June 2009 and the date of this report.

i) The issue of 750,000 ordinary shares to IACG Pty Ltd at 20 cents as settlement of an amount of $150,000 owing to IACG Pty Ltd at 30 June 2009 as part of a Farmin Agreement with the Company entered into in September 2008.

ii) The issue of 8,000,000 ordinary shares at 16 cents to China Alliance.

iii) The issue of 5,000,000 ordinary shares at 20 cents to Gujarat NRE Minerals Limited as restricted securities as consideration for an amount of $1m payable at 30 June 2009.

NOTES TO THE FINANCIAL STATEMENTS *(CONT.)*

	Note	Audited Actual June 2009 $	Reviewed Pro-forma 30 June 2009 Minimum Subscription $	Reviewed Pro-forma 30 June 2009 Maximum Subscription $
4. CASH				
Cash and Cash Equivalents		235,997	3,715,997	4,665,997
Opening balance		235,997	235,997	235,997
Issue of 8,000,000 Shares to an Investor at 16 cents	3(b)	-	1,280,000	1,280,000
Issue of 15,000,000 Shares pursuant to the Share Offer	3(i)	-	3,000,000	-
Repayment of expenses to Gujarat NRE Minerals Limited	3(iii) and 3 (vii)	-	(500,000)	(500,000)
Associated costs of the Offer under Minimum subscription	3(ii)	-	(300,000)	-
Issue of 20,000,000 Shares				
Associated costs of the Offer under Maximum subscription	3(v)	-	-	(350,000)
Closing balance		235,997	3,715,997	4,665,997

5. EXPLORATION AND EVALUATION				
Consultancy		171,384	171,384	171,384
Acquisition of Tenements		3,150,000	3,650,000	3,650,000
Stamp Duty on Acquisition		44,209	44,209	44,209
License Fee		698	698	698
Other		14,738	14,738	14,738
		3,381,029	3,881,029	3,881,029

NOTES TO THE FINANCIAL STATEMENTS *(CONT.)*

	Note	Audited Actual June 2009 $	Reviewed Pro-forma 30 June 2009 Minimum Subscription $	Reviewed Pro-forma 30 June 2009 Maximum Subscription $
6. TRADE AND OTHER PAYABLES				
Trade and Other Payables		160,686	160,686	160,686
Opening balance		160,686	160,686	160,686
Settlement of other creditors	3(a)	-	(150,000)	(150,000)
Closing balance		160,686	10,686	10,686

The payable for $150,000 as at 30 June 2009 will be settled issuing script upon listing as per the variation to the Farmin agreement with IACG Pty Ltd on 10 November 2009.

7. NON CURRENT - PAYABLES				
Payables	3(c)	1,000,000	-	-

Following the deed of variation agreement, on the successful completion of the IPO and admission to the official list of the Australian Securities Exchange, Shree Minerals will issue 5,000,000 shares as settlement of the $1million payable to Gujarat NRE Minerals Limited.

NOTES TO THE FINANCIAL STATEMENTS *(CONT.)*

	Note	Audited Actual June 2009 $	Reviewed Pro-forma 30 June 2009 Minimum Subscription $	Reviewed Pro-forma 30 June 2009 Maximum Subscription $
8. CONTRIBUTED EQUITY				
Issued and paid up ordinary share capital		2,581,848	7,761,848	8,711,848
Opening balance – 56,000,000 Ordinary Shares fully paid		2,581,848	2,581,848	2,581,848
Issue of 8,000,000 Ordinary Shares to an Investor at 16 cents	3(b)	-	1,280,000	1,280,000
Issue of 5,000,000 Shares as Settlement of a loan from Gujarat NRE Minerals Limited at 20 cents	3(c)	-	1,000,000	1,000,000
Issue of 750,000 Ordinary Shares, fully paid as part of Farm-in Agreement with IACG Pty Ltd.	3(a)	-	150,000	150,000
Issue of 15,000,000 Shares pursuant to the Offer (minimum subscription)	3(i)	-	3,000,000	-
Associated costs of the Share Offer	3(ii)	-	(300,000)	-
Issue of 20,000,000 Shares pursuant to the Offer (maximum subscription)	3(iv)	-	-	4,000,000
Associated costs of the Share Offer	3(v)	-	-	(350,000)
Issue of 250,000 Ordinary Shares to the Lead Manager of the Offer Zurich Securities	3(iv) and 3(viii)	-	50,000	50,000
Closing balance		2,581,848	7,761,848	8,711,848
Movements in number of ordinary share capital				
Details:		**Number**	**Number**	**Number**
Balance at 30 June 2009		56,000,000	56,000,000	56,000,000
Issue of 750,000 Shares Ordinary fully paid	3(a)	-	750,000	750,000
Issue of 8,000,000 fully paid Ordinary Shares to an Investor	3(b)	-	8,000,000	8,000,000
Issue of 5,000,000 fully paid Ordinary Shares as settlement of loan from Gujarat NRE Minerals Limited.	3(c)	-	5,000,000	5,000,000
Issue of 15,000,000 Shares pursuant to the Share Offer	3(i)	-	15,000,000	-
Issue of 20,000,000 Shares pursuant to the Share Offer	3(iv)	-	-	20,000,000
Pro-forma 30 June 2009		56,000,000	84,750,000	89,750,000

NOTES TO THE FINANCIAL STATEMENTS *(CONT.)*

	Note	Audited Actual June 2009 $	Reviewed Pro-forma 30 June 2009 Minimum Subscription $	Reviewed Pro-forma 30 June 2009 Maximum Subscription $
		Number	Number	Number
9. OPTIONS				
Opening		**2,000,000**	**2,000,000**	**2,000,000**
Issued under minimum subscription	3	-	7,500,000	-
Issued under maximum subscription	3	-	-	10,000,000
Options issued to Investor China Alliance	3(b)	8,000,000	8,000,000	8,000,000
Options issued under the employee share option scheme cancelled subsequent to year end		(2,000,000)	(2,000,000)	(2,000,000)
Options issued to the Lead Manager – Zurich Securities		250,000	250,000	250,000
On issue at date of report		8,250,000	15,750,000	18,250,000

10. RELATED PARTY DISCLOSURES

We have not examined related party transactions as part of this Independent Accountant's report as these are disclosed elsewhere in the Prospectus.

11. CONTINGENCIES AND COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, Shree Minerals is required to perform minimum exploration work to meet the requirements specified by various governments. These obligations can be reduced by selective relinquishment or exploration tenure or application for expenditure exemptions. Due to the nature of the

Company's operations in exploring and evaluating areas of interests, it is very difficult to forecast the nature and amount of future expenditure. It is anticipated that expenditure commitments for the next 12 months will be exploration expenditure of $100k.

An acquisition agreement dated 21 April 2008 and which has been subsequently amended, provides for a contingent liability to Gujarat NRE Minerals

Limited arising from the tenement acquisition agreement with Gujarat NRE Minerals Limited. This agreement includes the milestone of the issue of 10,000,000 shares within 30 days of the completion of a bank feasibility study, financial closure and the Board decision to mine the Nelson Bay River Project.

QUALIFICATIONS, DECLARATIONS AND CONSENTS

Qualifications

1. Grant Thornton is a licensed investment adviser under the Corporations Act. Grant Thornton's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared numerous valuations and Independent Expert's Reports and Independent Accountants Reports.
2. This Report was prepared by Mr Patrick Warr who is a director of Grant Thornton. Mr Warr has significant experience in the provision of valuation advice and preparation of reports as described above.

Declarations

3. This Report has been prepared at the request of Shree Minerals Limited and is to be used in its Prospectus dated on or around 19 November 2009. It is not intended that this Report should serve any purpose other than as an expression of our opinion in relation the matters it refers.

Interests

4. At the date of this Report, neither Grant Thornton nor Mr Warr has any interest in the outcome of the Prospectus. Grant Thornton is entitled to receive a fee for the preparation of this Report based on time expended at our standard hourly professional rates. With the exception of the above fee, Grant Thornton will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.

Indemnification

5. As a condition of Grant Thornton's agreement to prepare this Report, Shree Minerals agrees to indemnify Grant Thornton in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Shree Minerals which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

6. Grant Thornton does not consent to the inclusion of this Report in the form and context in any publication without its express authority.

08 SOLICITOR'S REPORT ON TENEMENTS

13 November 2009

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The Board of Directors
Shree Minerals Limited
14 Marita Road
NEDLANDS WA 6009

Dear Sirs

SOLICITORS' REPORT ON TENEMENTS

This solicitors' report on tenements **(Report)** is prepared for inclusion in a prospectus for the issue of 15,000,000 shares in the capital of Shree Minerals Limited **(Company)** at an issue price of 20 cents per share to raise $3,000,000 (with oversubscriptions of up to a further 5,000,000 Shares at an issue price of $0.20 each to raise up to a further $1,000,000) **(Prospectus)**.

1. SCOPE

We have been requested to report on certain mining tenements in which the Company has an interest (the **Tenements**).

The Tenements are located in Tasmania. Details of the Tenements are set out in the attached Schedule, which forms part of this Report.

2. SEARCHES

For the purposes of this Report, we have conducted searches and made enquiries in respect of all of the Tenements as follows:

(a) we have obtained searches of the Tenements from the registers maintained by the Mineral Resources Tasmania of the Tasmanian Department of Infrastructure, Energy and Resources **(MRT)**. These searches were conducted on 6 October 2009. Key details on the status of the Tenements are set out in the Schedule;

(b) we have obtained searches of the National Native Title Tribunal **(NNTT)** databases in respect of registered native title claims and native title determinations that apply to the Tenements. These searches were conducted on 20 October 2009;

(c) we have requested searches of Aboriginal heritage sites recorded within the Tenement from the register maintained by the Aboriginal Heritage Office in the Tasmanian Department of Environment, Parks, Water and Environment. Please refer to section 6 for further information; and

(d) we have reviewed all material agreements relating to the Tenements provided to us or registered as dealings against the Tenements as at the date of the MRT searches and have summarised the material terms (details of which are set out in Schedule II of this Report.

3. EXECUTIVE SUMMARY

Subject to the qualifications and assumptions in this Report, we consider the following to be a material issue in relation to the Tenements:

(a) **(Company's Interest):** The Company does not have a registered interest in tenements EL42/2004 and EL42/2008. The registered holder of this tenement is Indo IACG Pty Ltd (formerly Indo Australian Consulting Group Pty Ltd), a related party of the Company. The Company has an equitable interest in the tenement under a Farmin Agreement with IACG Pty Ltd, dated 26 September 2008 (details of which are set out in Schedule II of this Report).

4. INTERESTS

We are satisfied that as a result of:

(a) inquiries undertaken with MRT;

(b) searches of the Tenements in the Register maintained by MRT;

(c) a review of copies of the relevant agreements, transfers, deeds and other contracts provided to us by the Company relating to the ownership of the relevant interests in all of the Tenements;

(d) a review of the applicable mineral resources and native title legislation;

(e) a review of searches conducted by the NNTT confirming that there are no native title claims lodged over the areas of land covered by the Tenements;

(f) a review of searches provided in respect of Aboriginal heritage sites; and

(g) inquiries made of the Company, its directors and various of its agents,

that subject to the assumptions and qualifications set out in this Report and the Schedule, and to the rights, interests, encumbrances and obligations arising under the applicable Tenements:

(h) the details of the Tenements included in this Report are accurate as to the status of the Tenements and the Company's interest in those Tenements;

(i) under the terms and conditions of the Agreements, the Company has the right to acquire an interest in the relevant Tenements on the terms set out in the Agreement;

(j) except as set out in this Report or the Schedule, none of the Tenements are subject to any unusual conditions of a material nature; and

(k) if title to any Tenement has not been granted, or a Tenement is not in good standing as far as the payment of rent or the incurring of expenditure is concerned, that fact is disclosed in Schedule 1.

5. TENEMENT DETAILS

5.1 Tenements

A summary of the Tenements is contained in Schedule 1, which includes holder, area size, term, renewal details, and applicable conditions.

5.2 Tenure and Access

The areas of the Tenements comprise various types of land tenures and administrative management zones, as detailed in the table below.

Tenement	Land tenure and administrative management zone
EL11/2006	State Forest, Forest Reserve, Informal Reserve, Hydro Electric Corporate Land, Conservation Area, National Estate
EL32/2005	Informal Reserve, Crown Land, Private Parcel, Nature Recreation Area, National Estate
EL41/2004	State Forest, Informal Reserve, Vegetation by Prescription, Conservation Area, National Estate
EL42/2004	State Forest, Forest Reserve, Informal Reserve, Nature Recreation Area, Regional Reserve
EL43/2004	State Forest, Informal Reserve, Crown Land, Regional Reserve
EL42/2008	Regional Reserve, High Quality Wilderness, National Estate
EL54/2008	State Forest, Forest Reserve, Informal Reserve, Crown Land, Private Parcel, Conservation Area, Public Reserve, National Estate, CLAC

All of the granted Tenements contain Forest Communities Managed by Prescription and areas which are listed (including listed on an interim basis) on the Register of the National Estate kept under the Australian Heritage Commission Act 1975 (Cth).

Before exploration can proceed in land described as a 'sensitive area' (such as conservation areas, state recreation areas and forest reserves), all proposed exploration programmes must be reviewed by MRT.

Unless stated otherwise or specifically excluded from the Tenements, the land tenures and administrative management zones are available for exploration. It is important to refer to the Schedule of this Report for details of the exclusions applying to each Tenement.

5.3 Overlapping titles

The Tenements overlap areas of land that are subject to mining leases. The Company is prohibited from exploration within these areas.

The details of the mining leases are as follows:

Tenement	Mining Lease	Holder	Area Covered
EL42/2004	ML2M/2001	Goldamere Pty Ltd	4987ha, Savage River, Port Latta

5.4 Exploration Licence

All of the Tenements in which the Company has an interest are exploration licences. One Tenement is an application for an exploration licence.

The Minister for Infrastructure Energy and Resources **(Minister)** subject to any conditions the Minister considers appropriate. The Minister may vary any condition of the licence by rescinding, adding, substitution, or amending a condition.

An exploration licence is issued for 5 years and extends for this period unless earlier revoked. Renewals may be granted for further periods as the Minister determines. The Minister must renew an exploration licence if certain conditions are satisfied (see section 5.8).

An exploration licence may be transferred with the approval of the Minister, and is of no effect unless approved by the Minister. Pursuant to Part 4 of the Mineral Resources Development Act 1995 (Tas) **(MRDA)**, the holder of an exploration licence has the exclusive right to apply for a mining lease over the land within the area of the licence for the minerals specified in the licence subject to any conditions considered appropriate by the Minister.

Mining without a mining lease is prohibited unless carried out on private land.

An application for a mining lease may be made within 7 days of marking out the area, the subject of an exploration licence. Another party may not apply for an exclusive mining lease in respect of land the subject of an exploration licence until 2 months after the expiration of the exploration licence.

Any person with an interest in land, the subject of an application for a mining lease may object to the grant of a mining lease.

An application for a licence lapses 12 months after it is lodged if it is not determined by that time, or on such later date as may be fixed by MRT.

5.5 Mining Leases

A mining lease may be granted on the terms and for the period the Minister determines. A mining lease may be sub-leased or transferred with the prior approval of the Minister, but is of no effect unless approved by the Minister.

5.6 Generally Applicable Conditions

Mining tenements are granted subject to various conditions and obligations prescribed by the MRDA including, for example, the payment of rent, compliance with minimum expenditure and reporting requirements. Mining leases may also be subject to planning scheme requirements. Specific conditions are also applicable to the Tenements and are specified in the Schedule to this Report.

5.7 Access and Compensation

The holder of an Exploration Licence is not permitted to explore on private land within 100 metres of the surface of any lake, dam, reservoir, etc or any dwelling or substantial building without the consent of the owner and occupier of the land.

The holder of an Exploration Licence is permitted to enter on to and pass over all Crown land for the purposes of exploration. The holder of an Exploration Licence is also permitted to enter on to and pass over all private land provided fourteen (14) days written notice is given to the any owner or occupier of affected land.

Compensation is payable to the owners and occupiers of private land for any compensable loss suffered to likely to be suffered as a result of exploration under an Exploration Licence. Compensation is payable, as agreed, or in the absence of an agreement, as determined by the Mining Tribunal.

Compensation is also payable to the Crown for any damage to any improvement on Crown land. Again, compensation is payable as agreement, or as determined by the Mining Tribunal.

5.8 Renewal of Tenements

Under the MRDA, the Minister may extend exploration licences, upon an application by the licensee, for such term and on such conditions as the Minister sees fit.

The Minister must grant an extension of an exploration licence if satisfied that:

(a) the exploration to be carried out during the term of the licence has been completed;

(b) the licensee has submitted any report or return as required;

(c) the licensee has submitted a suitable work program for the period of extension; and

(d) further detailed exploration is justified because substantiated results indicate the probability of a discovery leading to profitable mining operations.

6. ABORIGINAL HERITAGE

6.1 TASI Search

On 27 October 2009, on behalf of the Company we made a request to the Aboriginal Heritage Office of Tasmania (Department of Primary Industries, Parks, Water and Environment) for access to the Tasmanian Aboriginal Site Index in relation to the Tenements **(TASI Search)**.

On 12 November 2009, we received a letter from Aboriginal Heritage Office of Tasmania responding to our request, which revealed that there are a number of large Aboriginal heritage sites recorded within the requested search areas. Of particular concern is the exploration licence located at Rebecca Creek (EL54/2008). There are hundreds of known sites including shell middens, artefact scatters and one of the largest known Aboriginal quarries in Tasmania, an area highly significant to the Tasmanian Aboriginal community and of national scientific significance.

The Company must ensure that it does not breach the Commonwealth and Tasmanian legislation relating to Aboriginal heritage as set out below. All Aboriginal heritage in Tasmania is protected under the Aboriginal Relics Act 1975, and mining exploration licences/leases are not exempt from this Act. Therefore, given the number of sites currently recorded within the exploration licence areas, an Aboriginal heritage investigation is required (for EL41/2004, EL42/2008, EL32/2005, EL11/2006, EL43/2004, EL54/2008, EL42/2004) to identify whether the proposed mining exploration or related works/infrastructure will impact on any Aboriginal heritage and to offer mitigation advice.

These investigations must be undertaken by a suitably qualified Consulting Archaeologist prior to any works proceeding. Aboriginal Heritage Tasmania must be contacted for advice on the scope of works required.

Once the Aboriginal heritage investigation has been completed a copy of the report must be forwarded to AHT for review, regulatory advice and development of appropriate mitigation measures.

6.2 Commonwealth Legislation

The Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth) **(Commonwealth Heritage Act)** is aimed at the preservation and protection of any Aboriginal areas and objects that may be located on the Tenement.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

6.3 Tasmanian Legislation

Tenements are granted subject to a condition requiring observance of the Aboriginal Relics Act 1975 (Tas) (Aboriginal Relics Act).

Where any Aboriginal artefacts or objects of historic interest are discovered, operations shall be conducted so as to not damage or interfere with such site or object, and the licensee shall otherwise observe the provisions of the **Aboriginal Relics Act**.

MRT is charged with the maintenance and management of every protected site and the protection and preservation of the protected objects on and in that site. MRT will cause to be carried out such work as is necessary for protecting, preserving, restoring or repairing a protected object or any other object in or on that site.

MRT's consent is required where any use of land is likely to result in the destruction, damage, disfiguration, excavation, alteration or otherwise of any 'protected objects', as declared under the Aboriginal Relics Act.

7. NATIVE TITLE

MRT takes the view that native title does not apply in Tasmania as there is recognition of continuous association with Tasmanian land. There are no registered native title claims or determinations in Tasmania and MRT considers that any native title claim brought before the Courts would be extremely unlikely to succeed.

If the view of MRT is ever challenged and held to be invalid, then the land subject to the Tenement may be subject to native title claims and it would be necessary to comply with the processes in the Native Title Act 1993 (Cth) **(NTA)** prior to the grant of any tenement situated on native title land within the perimeter of the Tenement.

8. ASSUMPTIONS AND QUALIFICATIONS

This Report is subject to the following qualifications and assumptions:

(a) we have assumed the accuracy and completeness of all Tenement searches, register extracts and other information or responses which were obtained from the relevant department or authority including the NNTT;

(b) we assume that the registered holder of a Tenement has valid legal title to the Tenement;

(c) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from our searches and the information provided to us;

(d) we have assumed that any agreements provided to us in relation to the Tenements are authentic, were within the powers and capacity of those who executed them, were duly authorised, executed and delivered and are binding on the parties to them;

(e) with respect to the granting of the Tenements, we have assumed that the State and the applicant for the Tenements complied with the applicable Future Act Provisions;

(f) we have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;

(g) unless apparent from our searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain a Tenement in good standing;

(h) with respect to the application for the grant of a Tenement, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed upon grant, although we have no reason to believe that any application will be refused or that unreasonable conditions will be imposed;

(i) references in the Schedule to any area of land are taken from details shown on searches obtained from the relevant department. It is not possible to verify the accuracy of those areas without conducting a survey; and

(j) the information in the Schedule is accurate as at the date the relevant searches were obtained. We cannot comment on whether any changes have occurred in respect of the Tenements between the date of the searches and the date of the Prospectus.

9. CONSENT

Steinepreis Paganin has given its written consent to the issue of the Prospectus with this Report in the form and context in which it is included, and has not withdrawn its consent prior to the lodgement of the Prospectus with the Australian Securities and Investment Commission. This Report has been prepared only for the purposes of the Prospectus, and is not to be relied on for any other purposes.

Steinepreis Paganin has also given, and has not withdrawn its consent to be named as Solicitors to the Company in the Prospectus, in the form and context in which is appears in the Prospectus.

Yours faithfully

Steinepreis Paganin

Tenement	Registered Holder/ Applicant	Grant Date	Expiry Date	Area Size	Annual Rent	Minimum Expenditure Commitment for 2009/2010#	Security	Mineral Categories	Notes/ Exclusions	Schedules
EL11/2006	Shree Minerals Pty Ltd	14/06/2006	14/06/2011	150 sq kms	$6,336.00	Suspended*	$12,000	Cat.1: Metallic Minerals; Atomic Substances	1-18, 30- 32	Schedules A, B, D
EL32/2005	Shree Minerals Pty Ltd	15/02/2006	15/02/2011	84 sq kms	$3,458.16	$96,267	$5,000	Cat. 2: Fuel Minerals	1-4, 6-9, 11-17, 19-22, 30-34	Schedules A, B, D
EL41/2004	Shree Minerals Pty Ltd	01/03/2005	01/03/2010	50 sq kms	$2,112.00	$35,000	$8,000	Cat.1: Metallic Minerals; Atomic Substances	1-4, 6-9, 11-17, 24, 27, 30-32	Schedules A, B, D
EL42/2004	IACG Pty Ltd	01/03/2005	01/03/2010	224 sq kms	$9240.00	$262,224	$15,538	Cat 1: Metallic Minerals, Atomic Substances	1-4, 6-9, 11-14, 16, 17, 30-32, 35	Schedules A, B, D
								Cat. 5: Industrial Minerals, Semi/ Precious Stone	Refer to Schedule II (Part 1)	
EL43/2004	Shree Minerals Pty Ltd	01/03/2005	01/03/2010	14 sq kms	$591.36	$14,000	$9,000	Cat.1: Metallic Minerals; Atomic Substances	1-4, 6-9, 11-17, 25, 26, 30-32	Schedules A, B, D
EL42/2008	IACG Pty Ltd	18/06/2008	18/11/2013	10 sq kms	$211.29	$10,000 ($20,000 over 2 years by 11/6/2008)	$10,000	Cat. 1: Metallic Minerals; Atomic Substances	Refer to Schedule II (Parts 1 and 2)	-
EL54/2008	Shree Minerals Limited	11/05/2009	10/05/2014	43 sq kms	$908.16	$11,750 ($23,500 over 2 years by 11/5/2011)	$8,000	Cat.1: Metallic Minerals; Atomic Substances	Refer to Schedule II (Part 3)	-

Key to Tenement Schedule

EL – Exploration Licence

ELA – Exploration Licence Application

Unless otherwise indicated, capitalised terms have the same meaning given to them in the Tenement Report

References to numbers in the "Notes/Schedules" column refers to the notes and schedules following this table.

Pursuant to an application made by the Company, the Department of Infrastructure, Energy and Resources advised on 18 August 2009 that the Company has a combined total minimum expenditure commitment of $331,974 in respect of all of the Tenements, except EL32/2005. Accordingly, the minimum expenditure commitment in respect of any individual Tenement in the Tenement schedule above may be higher than the amount set out in the corresponding exploration budget for such Tenement.

* The Department of Infrastructure, Energy and Resources has suspended expenditure commitments pending receipt of a report from the World Heritage Area Committee.

Notes:

1. The licensee shall immediately on the issue of this licence take steps to commence preliminary works necessary for the investigation of the Licence Area.

1. The licensee must investigate the mineral potential of the Licence Area, implementing the exploration program submitted to and approved by the Director of Mines.

2. The licensee shall at all times adopt best current practice in regard to exploration activities, in accordance with any directors from Mineral Resources Tasmania and any specific requirements included in the Mineral Exploration Code of Practice and the schedules listed in clause 8.

3. That the licensee shall employ such technical and other staff and equipment as may be necessary effectively to carry out such investigations.

4. The licensee shall satisfy a minimum expenditure commitment of $112,500 during the first two years of the licence.

5. The licensee shall submit an annual report to the Director of Mines, at least one month before the anniversary date on which the licence was granted. The annual report shall be accompanied by a statutory declaration as to its accuracy, provide an acceptable summary of exploration on the licence, specify the amounts expended in respect of any exploration carried out on the licence and give details of proposed work and likely effect on the environment.

6. A relinquishment or final report is required to be submitted upon expiry, relinquishment of cancellation of all or part of the licence and must be submitted to the Director of Mines no less than thirty days prior to the expiry or surrender date. For the purposes of clauses 6 and 7 the requirements for reporting are those specified in the brochure 'Guidelines for Reporting' as amended from time to time.

7. The licensee shall observe, perform and fulfil the conditions as set forth in the Schedule 'A', Schedule 'B' and Schedule 'D' attached hereto and as amended from time to time.

8. The licensee shall be liable to pay the cost of any work carried out to remedy any damage arising from any breach of the conditions of this licence.

9. The licensee shall deposit an amount of $12,000 (Performance Deposit) as security that the conditions contained herein shall be observed. Upon expiry or sooner determination of the licence, if the Director of Mines is satisfied that such conditions have been complied with, the Director shall refund such depositor such portion thereof, as he may determine.

10. Where the licensee holds several areas under licence a company security bond may be accepted after consultation with and approval from the Director of Mines. A bond lodged under this provision shall satisfy the requirements of clause 10.

11. If it is found, that, the operations hereby authorised, are causing any undue damage to, or erosion of, the subject land or other land in the vicinity thereof or are unnecessarily disturbing the environment, the Minister may cancel the licence without compensation to the licensee by giving seven days' notice in writing of his intention to do so.

12. The licensee must arrange and keep in good standing public liability insurance to the minimum of $A10 million. Evidence that such insurance is current must be produced to the Director of Mines on demand.

13. The licensee will minimise usage of tracks and where tracks are constructed, after consultation with the Mineral Resources Tasmania, priority will be given to rehabilitation at the first opportunity.

14. Where possible, machinery brought into the licence area by the licensee, will be made available for Mineral Resources Tasmania (at MRT's cost) to carry out rehabilitation of past environmental disturbance, specifically former exploration tracks.

15. The licensee shall take reasonable steps to restrict public access to exploration sites, grid lines and exploration tracks.

16. The security deposit provided under the requirements of section 14(4)(f) of the Mineral Resources Development Act 1995, shall be lodged with the Director of Mines before the carrying out of any on-ground activity including access to private land.

17. The explorer shall comply with the terms of the private agreement dated 7 April 2006 entered into between Josephine Wrigley and Zelos Resources NL

18. The licensee shall satisfy a minimum expenditure commitment of $60,750 during the first two years of the licence.

19. The licensee shall deposit an amount of $5,000 (Performance Deposit) and $4,000 (Private Land Deposit) as security that the conditions contained herein shall be observed. Upon expiry or sooner determination of the licence, the Director shall, after taking into account the effect of sections 196, 197 and 198 of the Mineral Resources Development Act 1995, refund such deposit or such portion thereof, as he may determine.

20. The licensee shall notify the owner and occupier of private land, in writing, fourteen days before entering such land or such shorter time as the landowner may agree.

21. The licensee shall not explore on private land, without the consent of the owner and occupier of the land, within 100 metres of the surface of –

    (a) any natural lake, artificial lake, dam, reservoir, water producing well or artificial pond; or

    (b) any dwelling or substantial building.

22. The licensee shall satisfy a minimum expenditure commitment of $37,500 during the first two years of the licence.

23. The licensee shall deposit an amount of $8,000 (Performance Deposit) as security that the conditions contained herein shall be observed. Upon expiry or sooner determination of the licence, the Director shall, after taking into account the effect of sections 196, 197 and 198 of the Mineral Resources Development Act 1995, refund such deposit or such portion thereof, as he may determine.

24. The licensee shall satisfy a minimum expenditure commitment of $10,500 during the first two years of the licence.

25. The licensee shall deposit an amount of $9,000 (Performance Deposit) as security that the conditions contained herein shall be observed. Upon expiry or sooner determination of the licence, the Director shall, after taking into account the effect of sections 196, 197 and 198 of the Mineral Resources Development Act 1995, refund such deposit or such portion thereof, as he may determine

26. Letter to holder from Geoff Green, MRT, proposing to recommend to the Minister for Energy and Resources that he grant ELA42/2008. Annual Rent, Minimum Annual Expenditure and Security Deposit payable subject to grant of application. (LNB – Application granted)

27. The licensee shall satisfy a minimum expenditure commitment of $168,000 during the first two years of the licence.

28. The licensee shall deposit an amount of $13,000 (Performance Deposit) as security that the conditions contained herein shall be observed. Upon expiry or sooner determination of the licence, the Director shall, after taking into account the effect of sections 196, 197 and 198 of the Mineral Resources Development Act 1995, refund such deposit or such portion thereof, as he may determine.

Exclusions

29. Any land owned or leased by the Commonwealth of Australia.

30. Crown reservations or other land set apart or dedicated for any public purposes such as public reserves, municipal reserves or roadways unless such areas have been brought under the provisions of the Mineral Resources Development Act 1995.

31. Areas of private land which either have been, or are in the process if being, purchased by the Crown under the Regional Forest Agreement – Private Forests Reserves Program and/or private land over which the landowners have agreed, or are in the process of agreeing, to place a covenant or management agreement for conservation purposes under the Regional Forest Agreement – Private Forests Reserves Program.

32. Land declared as a fossicking area or a fossil site under the Mineral Resources Development Act (being, 426ha Lune rover Fossicking Area and 50ha Lune River Fossil Site);

33. Land Reserved under the Nature Conservation Act 2002; National Parks and Wildlife Act 1970, Forestry Act 1920 and Crown Lands Act 1976 unless such areas have been brought under the provisions of the Mineral Resources Development Act 1995 including National Parks, Historic Sites, Nature Reserves, Game Reserves, Forests Reserves shown hereunder:

    (a) 20ha Part of Ida Bay state Reserve;

    (b) 5ha Part of Hastings Caves State Reserve.

34. Mining Leases amounting to 357ha (more or less) which were applied for or in force prior to the date of application for this licence.

SCHEDULE A – Revised January 2007

General operational conditions for exploration, retention and special exploration licences under the Mineral Resources Development Act 1995:

1. The licensee shall observe any instructions which may be given by the Director of Mines with the aim of minimizing or preventing damage to public or private property, and conform to the provisions of the Mineral Exploration Code of Practice, as revised from time to time, for all operations.

2. Specific written approval is required from Mineral Resources Tasmania for any ground exploration activity.

3. The licensee must submit a written request to gain approval for any planned exploration activities (an EII work program form may be used) (See the Mineral Exploration Code for Practice for details).

4. Condition imposed on such works must be strictly observed.

5. Proposed programs should be submitted at least four weeks before work is planned to commence to allow time for field inspections to be arranged if required.

6. Mineral Resources Tasmania will contact other Government agencies and/or electricity authorities as required to seek their advice in order to set conditions on a site-specific basis.

   Work programs must not be sent to other State agencies other than via Mineral Resources Tasmania and explorers must not contact other State agencies until directed to do so by Mineral Resources Tasmania.

7. Work is to be planned to avoid, insofar as practicable, the need to construct tracks and drill pads in wet weather.

8. On the completion of exploration, all works (tracks, helipads, drill pads, costeans etc) are to be rehabilitated to the satisfaction of the Director of Mines.

9. The licensee must ensure that all drill holes have secure collars that will allow holes to be sealed if they make water. All drill holes must be securely capped or sealed.

10. The licensee shall observe the provisions of sections 117 – 122 of the Mineral Resources Development Act 1995, with regard to notification of bore holes, preservation of core and disposal thereof.

11. At the termination of the licence, or at any time at the option of the licensee, all drill core and samples required by the Director of Mines shall be delivered in core boxes 1000 millimetres long and either 400 or 200 millimetres wide to the Core Store at Mornington at the cost of the licensee, unless the Director of Mines notifies the licensee in writing that such core samples are not required. Where companies are still using stocks of old core boxes (1050 x 470 mm for example) these will be accepted by Mineral Resources Tasmania. Although not mandatory, Mineral Resources Tasmania strongly prefers core to be submitted in UV-treated plastic trays.

12. The licensee shall not light any fires.

13. The licensee shall notify the relevant District Forester of Forestry Tasmania before entering on a State Forest and shall comply with the reasonable requirements of such officer in operations in any such State Forest. Any commercial forest produce which is cut down (with approval) during exploration must either be paid for at current rates or removed for salvage, and any such activities must be done in accordance with the Forest Practice Code.

    The licensee shall allow unhindered access for forestry operations and Forestry Tasmania officers during work in State Forest.

14. Land vested in the HEC, Transend, Aurora and other like bodies is to be accessed in the same way as private property. MRT will advise the explorer of the relevant HEC/Transend/ Aurora office who is to be contacted by the explorer prior to work being conducted on vested land. The explorer will comply with any reasonable request from the officer in charge of vested land.

15. Where any Aboriginal artefacts or objects of historic interest are discovered, operations shall be conducted so as not to damage or interfere with such site or object, and the licensee shall report details of such discovery to the Secretary, Parks and Wildlife Service and shall otherwise observe the provisions of the Aboriginal Relics Act 1975.

16. The licensee shall not interfere in any way with native fauna or flora, unless as approved by MRT.

17. Where investigations are to be undertaken in Regional Forest Agreement derived reserves all exploration proposals must first be assessed by the Minerals Exploration Working Group.

18. All waste, rubbish and other materials produced or used during the exploration and related works are to be removed from the licensee area and deposited in a recognised waste disposal facility.

19. All licence holders must ensure that field officers are fully aware of all conditions and schedules applying to the licensee. A copy of the licence is provided by Minerals Resources Tasmania for this purpose.

20. The Minister reserves the right to suspend operations immediately if weather conditions and/or the operation are causing unnecessary damage to roadways and tracks.

SCHEDULE B – 2007

General reporting conditions for exploration, retention and special exploration licences under the Minerals Resources Development Act 1995:

1. Quarterly Reports

Quarterly reports must be lodged for the quarters ending 31 March, 30 June, 30 September and 31 December.

The quarterly reports shall be lodged within 31 days of the above dates.

The reports should be made on the appropriate form, available from Mineral Resources Tasmania, and must contain an expenditure statement, a brief progress report on exploration and full details of any activities completed, in progress or planned that have an environmental impact. A report form will be posed to each tenement holder before the end of each quarter.

The quarterly lawyers progress report on exploration should be a brief statement of work carried out and major results obtained and the progress of long-term surveys. The progress report should be no more than one page. Detailed accounts and results of specific surveys are not required in quarterly reports. Any detailed data given in a quarterly report must be resubmitted in the annual report.

2. Annual Reports

A report is required for all investigations undertaken during the term of the Licence or Lease. This report should be submitted to the Director of Mines one month before the annual review date.

Details of the contents and format of annual reports are given in the MRT Guidelines for Reporting sections including instructions for submitting all available digital data.

For Exploration Licences, the first annual report should also contain a statement of the exploration philosophy and objectives (in particular, the type of mineral deposits sought and the reasons for considering the Licence area prospective for these deposits).

When long-term surveys, such as regional geochemical surveys, are in progress at the time of submission of an annual report, it is acceptable to indicate the progress of such surveys, and to submit the full results in a subsequent report when the survey has been completed.

3. Final Reports on Exploration Licences

A final report is required to be submitted upon expiry, relinquishment or cancellation of all or part of an Exploration Licence, and must be submitted to the Director of Mines no less that 30 days prior to the expiry or surrender date.

The report must accompany a surrender application or an application for renewal of the reduced area of the Licence, but be separate from the annual report supporting the area to be retained.

Final reports generally follow the content and format of annual reports, and are required to contain the following information:

(a) a resume of the exploration philosophy;

(b) a summary of all exploration undertaken on the relinquished area during the tenure of the Licence. Detailed information, such as results of geochemical and geophysical surveys, drill logs etc, which have been included in previously submitted annual reports, need only be referred to in the final report but must be provided in partial relinquishment reports unless the Licensee opts for the relevant reports to be released from confidential files as detailed below.

(c) Full details of work undertaken during the final reporting period, and any data not previously report.

(d) Conclusions as to the nature and distribution of any mineralisation in the relinquishment area.

(e) A complete bibliography of all report on the relinquished area.

(f) Any transparencies of plans within the relinquishment area, cross-referenced with the relevant annual report where applicable.

(g) Details of tracks constructed, contemning, drill sites cleared, etc, and details of rehabilitation undertaken.

(h) Complete digital datasets covering the life of the tenement should be lodged (and will be stored in MRT's TIGER system). This effectively provides subsequent explorers with easy access to all digital data and pertaining to the tenement.

As an alternative to providing full details of all exploration within partial relinquishment areas (as required in item (2) above), the Licensee may opt for previously submitted annual report to be released from confidential files. This would alleviate the necessity to duplicate previously submitted.

SCHEDULE D –October 1996

Non-exclusive Licence – Exploration Reports:

1. Licence to use reports

(a) In respect of reports prepared by or on behalf of the holder and submitted to the Director pursuant to Schedule A of this licence or otherwise, the holder hereby grants to the Minister, by way of a non-exclusive licence, copyright therein, to publish, print, adapt and reproduce the work in any form and for the full duration of the copyright, subject to a period of confidentiality as outlined in sub-clause (2).

(b) The non-exclusive licence to do acts comprised in the copyright granted hereunder is a consent to disclosure of the information contained in the copyright material.

2. Confidentiality

All exploration reports submitted in accordance with the conditions of this title will be kept confidential for a period of five years from the due date of the report, or while the title is in force, whichever is of the shorter duration, except in cases where:

(a) The holder has agreed that specific reports may be made non-confidential.

(b) Reports deal exclusively with exploration conducted on areas that have ceased to be part of the title.

Confidentiality of reports will be continued beyond the termination of titles in cases where an application for extension of term of that title was lodged during the currency of the title, provided that a period of no more than five years has elapsed since the due date of a report concerned. An application for an amalgamated exploration licence would be treated in the same way as an application for renewal for the purpose of this sub-section.

The maintenance and continuation of the period of confidentiality under sub-clauses (a) and (b) above is subject to the holder submitting a report on all exploration conducted in the parts of the tenement that have been relinquished. Such reports will be made public.

The Director may extend the period of confidentiality in respect of reports beyond the time(s) stipulated in sub-clauses (a) and (b).

3. Terms of the non-exclusive licence

The terms of the non-exclusive copyright licence granted under sub-clause (1) (a) are:

(a) The Director may sub-licence others to publish, print, adapt and reproduce but not on-licence the copyright in a report.

(b) The Director and any sub-licensee will acknowledge the holders and any identifiable consultants' ownership of copyright in reports in any reproduction of reports, including storage of reports onto an electronic database.

(c) The holder does not warrant ownership of all copyright works contained in any report and the holder will use best endeavours to identify those parts of the report for which the holder owns the copyright.

(d) There is no royalty payable by the Minister for the licence.

SCHEDULE II
MATERIAL CONTRACT SUMMARIES

1. FARMIN AGREEMENT – IACG PTY LTD

On 26 September 2008, the Company and IACG Pty Ltd (formerly Indo Australian Consulting Group) **(IACG)** entered into a Farmin agreement in respect of EL42/2004 and EL42/2008 (together, the **Tenements**). The Agreement has been varied by a letter agreement dated 1 September 2009 and a deed of variation dated 10 November 2009 **(Farmin Agreement)**.

IACG is an entity controlled by Mr Sanjay Loyalka, a Director (and Chairman) of the Company.

The material terms and conditions of the Farmin Agreement are set out in Section 10.2 of the Prospectus.

2. EXPLORATION LICENCE 42/2008

On 18 November 2008, the Honourable David Edward Llewellyn MP, **(the Minister)** and IACG (formerly Indo Australian Consulting Group Proprietary Limited) **(Licensee)** entered into a licence agreement in respect of EL42/2008 **(EL42/2008 Agreement)**.

Grant

In consideration of the Licensee paying the annual rent prescribed under the Mineral Resources Development Act 1995 **(Act)** (refer to Schedule I) and undertaking the Exploration Program (defined below) the Minister, acting under section 20(1) of the Act issues a licence to the Licensee exclusively to explore EL42/2004 for Mineral Category 1 **(Authorised Purpose)** (subject to the terms and conditions in the EL42/2008 Agreement and the provisions of the Act).

Term

EL42/2008 is in force for a term of 5 years (from 18 November 2008), unless revoked earlier.

Exploration Program and Expenditure

Under the EL42/2008 Agreement, the exploration programme for the first 2 years must involve soil geochemistry, ground magnetic survey, geological mapping and possible IP survey and drilling in respect of EL42/2008. The Licensee must spend $10,000 in each of the first two years of the Term

Conditions of licence

In addition to the conditions imposed under the Act, this EL42/2008 is issued subject to the following conditions:

(a) the Licensee must not use EL42/2008 for any purpose other than the Authorised Purpose;

(b) the Licensee must observe and perform any 'special provisions' strictly and punctually. There are currently no special provisions specified under the EL42/2008 Agreement

(c) the Licensee must comply with all applicable legislative requirements;

(d) the Licensee must be insured in accordance with the terms of the EL42/2008 Agreement;

(e) the Licensee must not become insolvent;

(f) the Licensee must comply strictly with:

(i) the Licensee's covenants (refer below);

(ii) the Licensee's obligation to make any increased Deposit payments, if required (refer below); and

(g) the Licensee must take immediate action to suppress any fire, for which there is no permit, that commences on the EL42/2008 during the execution of an Exploration Program.

Licensee's failure to comply with a condition

The Minister, or a person appointed by the Minister, may take whatever action is necessary to remedy a breach of a legislative requirement or licence condition, without prejudice to any other available remedy. The Licensee must reimburse to the Minister all costs incurred by the Minister in taking action to remedy a breach or default, within seven (7) days of demand, together with interest.

Licensee's covenants

The Licensee covenants with the Minister as follows:

(a) to investigate the mineral potential of the EL42/2008 by implementing the Exploration Program;

(b) to give the Director of Mines sufficient details of proposed exploration activities to enable assessment of potential environmental effects;

(c) not to commence work on the EL42/2008 until written approval has been received from MRT;

(d) to complete the Exploration Program and meeting the Expenditure Commitment;

(e) to submit to the Director, before the start of the third and each subsequent year of the Term, an Exploration Program for the following year of the Term;

(f) to abide by conditions placed on work approvals;

(g) to comply with the provision of the Mineral Exploration Code of Practice;

(h) to notify the relevant land manager before entering onto State Forest or Crown Land and to comply with the reasonable requirements of the land manager when conducting exploration operation;

(i) to compensate or make available for salvage any forest produce that is removed during exploration on State Forest land at its value at the time of removal, as assessed by the District Forester;

(j) to give Forest officers and their agents free access to EL42/2008 if on State Forest land, including the use of roads and tracks for forestry purposes throughout the Term;

(k) to ensure that the Licensee's field personnel are fully aware of, and comply with, the conditions of the Licence and the provisions of the Mineral Exploration Code of Practice;

(l) to submit reports in the format and with the content specified in the MRT Guidelines for Reporting; and

(m) to submit a relinquishment or final report upon expiry, relinquishment or cancellation of all or parts of the Licence, at least 30 days before the expiry or surrender date.

Increased security deposit

The security deposit EL42/2008 is currently set at $10,000 (Deposit). The Minister may require the Licensee to increase the value of the Deposit whenever, and as often as, the Minister sees fit.

3. EXPLORATION LICENCE 54/2008

On 11 May 2009, the Honourable David Edward Llewellyn MP, **(the Minister)** and the Company **(Licensee)** entered into a licence agreement in respect of EL54/2008 **(EL54/2008 Agreement)**.

Grant

In consideration of the Licensee paying the annual rent prescribed under the Mineral Resources Development Act 1995 **(Act)** (refer to Schedule I) and undertaking the Exploration Program (defined below) the Minister, acting under section 20(1) of the Act issues a licence to the Licensee exclusively to explore EL42/2004 for Mineral Category 1 **(Authorised Purpose)** (subject to the terms and conditions in the EL54/2008 Agreement and the provisions of the Act).

Term

EL54/2008 is in force for a term of 5 years (from 11 May 2009), unless revoked earlier.

Exploration Program and Expenditure

Under the EL54/2008 Agreement, the exploration programme for the first 2 years must involve line cutting, ground magnetometer survey, geochemistry, geology and possible drilling in respect of EL54/2008. The Licensee must spend $23,500 in the first two years of the Term.

Conditions of licence

In addition to the conditions imposed under the Act, this EL54/2008 is issued subject to the following conditions:

(a) the Licensee must not use EL54/2008 for any purpose other than the Authorised Purpose;

(b) the Licensee must observe and perform any 'special provisions' strictly and punctually. Three are currently no special provisions specified under the EL54/2008 Agreement;

(c) the Licensee must comply with all applicable legislative requirements;

(d) the Licensee must be insured in accordance with the terms of the EL54/2008 Agreement;

(e) the Licensee must not become insolvent;

(f) the Licensee must comply strictly with:

(i) the Licensee's covenants (refer below); and

(ii) the Licensee's obligation to make any increased Deposit payments, if required (refer below); and

(g) the Licensee must take immediate action to suppress any fire, for which there is no permit, that commences on the EL54/2008 during the execution of an Exploration Program.

Licensee's failure to comply with a condition

The Minister, or a person appointed by the Minister, may take whatever action is necessary to remedy a breach of a legislative requirement or licence condition, without prejudice to any other available remedy. The Licensee must reimburse to the Minister all costs incurred by the Minister in taking action to remedy a breach or default, within seven (7) days of demand, together with interest.

Licensee's covenants

The Licensee covenants with the Minister as follows:

(a) to investigate the mineral potential of the EL54/2008 by implementing the Exploration Program;

(b) to give the Director of Mines sufficient details of proposed exploration activities to enable assessment of potential environmental effects;

(c) not to commence work on the EL54/2008 until written approval has been received from MRT;

(d) to complete the Exploration Program and meeting the Expenditure Commitment;

(e) to submit to the Director, before the start of the third and each subsequent year of the Term, an Exploration Program for the following year of the Term;

(f) to abide by conditions placed on work approvals;

(g) to comply with the provision of the Mineral Exploration Code of Practice;

(h) to notify the relevant land manager before entering onto State Forest or Crown Land and to comply with the reasonable requirements of the land manager when conducting exploration operation;

(i) to compensate or make available for salvage any forest produce that is removed during exploration on State Forest land at its value at the time of removal, as assessed by the District Forester;

(j) to give Forest officers and their agents free access to EL54/2008 if on State Forest land, including the use of roads and tracks for forestry purposes throughout the Term;

(k) to ensure that the Licensee's field personnel are fully aware of, and comply with, the conditions of the Licence and the provisions of the Mineral Exploration Code of Practice;

(l) to submit reports in the format and with the content specified in the MRT Guidelines for Reporting; and

(m) to submit a relinquishment or final report upon expiry, relinquishment or cancellation of all or parts of the Licence, at least 30 days before the expiry or surrender date.

Increased security deposit

The security deposit EL54/2008 is currently set at $8,000 **(Deposit)**. The Minister may require the Licensee to increase the value of the Deposit whenever, and as often as, the Minister sees fit.

09 RISK FACTORS

9.1 INTRODUCTION

An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

9.2 ECONOMIC RISKS

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(a) general economic outlook;

(b) interest rates and inflation rates;

(c) currency fluctuations;

(d) changes in investor sentiment toward particular market sectors;

(e) the demand for, and supply of, capital; and

(f) terrorism or other hostilities.

9.3 MARKET CONDITIONS

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

9.4 EXPLORATION SUCCESS

The Tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Tenements, a reduction in the case reserves of the Company and possible relinquishment of the Tenements.

The exploration costs of the Company described in the Independent Geologist's Report are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

9.5 OPERATING RISKS

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Having been incorporated on 14 April 2008, the Company does not have any operating history, although it should be noted that the Directors have between them significant operational experience. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its Tenements. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

9.6 RESOURCE ESTIMATES

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

9.7 COMMODITY PRICE VOLATILITY AND EXCHANGE RATE RISKS

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

9.8 ENVIRONMENTAL RISKS

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

In this regard, Mineral Resources Tasmania, which is a division within the Department of Infrastructure, Energy and Resources from time to time, reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

9.9 WORLD HERITAGE

Future exploration and expenditure commitments in relation to Exploration Licence 11/2006 (Adamsfield) have currently been suspended pending receipt of a report from the World Heritage Area Committee.

There is a risk that a declaration of World Heritage in respect of the area of land encompassing this licence may restrict certain activities and therefore adversely affect the Company's exploration programmes on this licence.

9.10 ABORIGINAL HERITAGE

A search of the existence of aboriginal heritage sites has indicated that there are a number of large Aboriginal heritage sites recorded on the areas of land comprising the Tenements, and in particular Rebecca Creek (EL54/2008). The Company is required to comply with Commonwealth and Tasmanian legislation relating to aboriginal heritage in undertaking mineral exploration on the Tenements, which may adversely affect the Company's exploration programmes.

Investors should refer to section 6 of the Solicitor's Report on Tenements included in Section 8 of this Prospectus for further information relating to aboriginal heritage.

9.11 INSURANCE RISKS

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

9.12 COMPETITION RISK

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

9.13 TITLE RISK AND NATIVE TITLE

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

All of the projects in which the Company has an interest will be subject to application for tenement renewal from time to time. Renewal of the term of each tenement is subject to the Mineral Resources Development Act 1995 (Tas). If the tenement is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement. There is no guarantee that all of the Tenements in which the Company has an interest will be renewed, however, the Directors of the Company are not aware of any reason why renewal of the term of any tenement will not be granted.

The Tenements extend over areas in which legitimate common law native title rights of indigenous Australians may exist. The ability of the Company to gain access to its Tenements and to conduct exploration, development and mining operations remains subject to native title rights and the terms of registered native title agreements.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

9.14 ADDITIONAL REQUIREMENTS FOR CAPITAL

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising, particularly given that, in the event that only the minimum subscription of $3,000,000 is raised, all of the funds to be applied towards exploration and evaluation under the Company's exploration programme will be exhausted within 1 year of listing of ASX.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

9.15 RELIANCE ON KEY MANAGEMENT

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

9.16 INVESTMENT SPECULATIVE

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

10 MATERIAL CONTRACTS

10.1 TENEMENT SALE AGREEMENT

On 21 April 2008, the Company entered into a tenement sale agreement with Gujarat NRE Resources NL **(Gujarat NRE)** pursuant to which Gujarat NRE agreed to sell, and the Company agreed to acquire, the right and title to exploration licences EL 41/2004 (Nelson Bay River), EL11/2006 (Adamsfield), EL 32/2005 (Catamaran) and EL43/2004 (Sulphide Creek) **(Exploration Licences) (Acquisition Agreement)**. The Acquisition Agreement was amended on 7 May 2008.

Gujarat NRE is an associated entity of Mr Arun Jagatramka, a Director of the Company. Under the terms of the Acquisition Agreement, the Company agreed to appoint Mr Arun Jagatramka, a nominee of Gujarat NRE, to the Board of Shree.

Following completion of its due diligence enquiries, settlement of the sale and purchase of the Exploration Licences occurred in June 2008 and registration of the transfers of the Exploration Licences to Shree was recorded on 6 August 2008.

On 16 November 2009, the Company and Gujarat NRE entered into a deed of variation to amend the Acquisition Agreement pursuant to which the consideration payable by Shree under the Acquisition Agreement is:

(a) the issue 10,000,000 Shares to Gujarat NRE at a deemed issue price of $0.20 each (issued following the approval of the transfer of the Exploration Licences);

(b) payment of $500,000 to Gujarat NRE within 10 days of Shree successfully raising a minimum of $3,000,000 by way of an initial public offer of shares **(IPO)** and receiving conditional approval for the admission of Shree to the official list of ASX, as reimbursement of past expenditure incurred by Gujarat on the Exploration Licences;

(c) the issue of 5,000,000 Shares upon successful completion of the IPO and the Company receiving conditional approval for the admission of Shree to the official list of ASX; and

(d) the issue 10,000,000 Shares within 30 days of successful completion of:

(i) the Company completing a bankable feasibility study to be sole funded by the Company;

(ii) the Company obtaining funding approval for the development and operation of a mine as contemplated by the bankable feasibility study; and

(iii) the Board approving a decision to mine,

on the Nelson Bay River tenement.

10.2 FARMIN AGREEMENT

On 26 September 2008, the Company and IACG Pty Ltd (formerly Indo Australian Consulting Group Pty Ltd) **(IACG)** entered into a Farmin agreement in respect of EL42/2004 and EL42/2008 (together, the **Tenements**), pursuant to which the Company can acquire a 100% interest in EL42/2008, and earn up to a 100% interest in EL42/2004. The Agreement was varied by a letter agreement dated 1 September 2009 **(Farmin Agreement)**.

On 10 November 2009, the Company and IACG entered into a deed of variation to amend the Farmin Agreement in satisfaction of a condition precedent to the equity subscription agreement executed between the Company and China Alliance International Holdings Group Limited on 5 November 2009, the terms of which are summarised in Section 10.3 below.

In consideration for IACG granting to the Company the right to acquire a 100% interest in EL42/2008 and a 75% joint venture interest in EL42/2004, the Company has issued to IACG 750,000 Shares at a deemed issue price of $0.20 each.

Transfers are in the process of being lodged with the Tasmanian Department of Infrastructure, Energy and Resources for registration to transfer a 100% legal and beneficial interest in EL42/2008 and a 75% legal and beneficial interest in EL42/2004 to Shree.

The material terms of the Farmin Agreement (as varied) are summarised below.

Joint Venture Interests

Upon IACG transferring a 75% legal and beneficial interest in EL42/2004 to the Company, the parties will enter into a joint venture in respect of EL42/2004 **(Joint Venture)**. The Joint Venture Interests of IACG and the Company in the Joint Venture will be:

(a) IACG – 25%; and

(b) the Company – 75%.

Management Committee

The parties will form a management committee with a representative from each of the Company and IACG **(Management Committee)**. The Company will be the sole manager of the Joint Venture **(Manager)**.

Free carried interest – Sole Funding Period

For the date of the Farmin Agreement and until such time as the parties elect to commence mining operations in respect of the Tenements) (being the **Sole Funding Period**) the Company will fund all expenditure made or incurred in respect of the Joint Venture such that IACG will be free carried.

Obligations During Sole Funding Period

The Company shall, during the Sole Funding Period:

(a) prepare and deliver to the Management Committee a pre-feasibility study;

(b) prepare and deliver to the Management Committee a feasibility study (if appropriate);

(c) be responsible for the administration and maintenance of EL42/2004;

(d) comply with the minimum annual expenditure requirements with respect to EL42/2004; and

(e) deliver to IACG a report on the nature and results of any expenditure carried out on EL42/2004 (including copies of all relevant geological, geochemical and geophysical data) within 30 days of the completion of each 6 month period during the Sole Funding Period.

Commencement of Mining Operations

(a) The Management Committee must decide whether to commence mining operations in respect of all or part of the Tenements as identified in the feasibility study within 6 months of delivery of the feasibility study to the Management Committee.

(b) In the event that the Management Committee decides to commence mining operations on EL42/2004, IACG grants to the Company the option to purchase its remaining 25% Joint Venture interest in consideration for the payment to IACG of a 2.5% net smelter return for each quarter **(Royalty)** in accordance with the procedures set out in the Farmin Agreement **(Option)**.

(c) If the management committee decides to commence Mining Operations on EL42/2004, then the area reasonably required for such Mining Operations **(Mining Area)** will be subject to a subject to a separate joint venture (on the same terms as the Farmin Agreement) and IACG may elect within 3 months of such a decision to either:

  (i) subject to the Option, participate in the mining operations and contribute to all further expenditure under such joint venture in proportion to its respective Joint Venture interest; or

  (ii) not participate in the mining operations in which case IACG agrees to sell its remaining 25% Joint Venture interest to The Company in consideration for the payment to IACG of the Royalty. This provision will apply as if the Option is deemed to have been exercised by the Company.

(d) If IAGC elects to participate in the mining operations (and the Company does not exercise the Option), the parties will enter into a production joint venture on ordinary commercial terms to govern the joint venture in respect of the Mining Area.

Withdrawal from the Joint Venture

Any party may withdraw from the Joint Venture by providing 30 days notice in writing, upon which that party will absolutely forfeit to the other party all of its Joint Venture interest and the withdrawing party will be released from all future obligations relating to the Joint Venture.

Pre-emptive rights

If a party wishes to assign any or all of its Joint Venture interest it must first offer to assign such interest to the other party upon the same terms and condition as the proposed terms and conditions of the assignment to the third party. The other party may accept such officer by notice to the assigning party within 45 days of the offer being made.

Default

If any of the parties defaults on any its obligations under the Farmin Agreement, and such default continues for 14 days after written notice of default by the non-defaulting party, to remedy the default, the non-defaulting party may, without further notice to the defaulting party:

(a) rescind the Farmin Agreement and be entitled to damages as to which the non-defaulting party would be entitled at common law or in equity; and/or

(b) sue the defaulting party for specific performance.

10.3 EQUITY SUBSCRIPTION AGREEMENT

On 5 November 2009, the Company entered into an equity subscription agreement with China Alliance International Holdings Group Limited **(China Alliance)** pursuant to which China Alliance agreed to subscribe for Shares and Options in the Company on the terms and conditions set out below **(Subscription Agreement)**.

Under the terms of the Subscription Agreement, the Company has issued to China Alliance 8,000,000 Shares and 8,000,000 Options exercisable at 20 cents each, expiring on or before 31 October 2012, in consideration for $1,280,000. China Alliance has also acquired 8,000,000 Shares from the Company founders for a total holding of 16,000,000 Shares and 8,000,000 options.

A condition precedent of the Subscription Agreement required the Company and IACG to amend the terms of the Farmin Agreement on the basis as set out in Section 10.2 above.

The material terms of the Subscription Agreement are summarised below.

(a) **(Offtake Agreement):** the Company grants to China Alliance the first right to negotiate any offtake agreements proposed to be entered into in relation to production from the Company's projects.

(b) **(Director appointment):** The Company agreed to appoint a nominee of China Alliance to its Board upon completion of the subscription. China Alliance will be entitled to appoint a second nominee to the Board of the Company upon the exercise of the Options.

(c) **(Termination):** the Subscription Agreement may be terminated in the following circumstances:

  (i) by written agreement of the Company and China Alliance;

  (ii) by either party, in the event that the other party is in breach of any of its obligations under the Subscription Agreement which is not, or is not capable of being, remedied within 30 days of receipt of notice to the defaulting party from the non-defaulting party; or

  (iii) by either party if any action, lawsuit or legal procedure is undertaken by a court, governmental agency or relevant authority which has the potential effect of limited, changing or prohibiting the transaction under the Subscription Agreement, and either party considers this will render settlement of the transaction and fulfillment of the Subscription Agreement, impossible; or

  (iv) by either party, in the event that either party is prevented from executing the Subscription Agreement due to the case of a force majeure such as a natural disaster, war or other factors beyond the control of the parties.

  In the event that the Subscription Agreement is terminated in accordance with the above, the Company must refund all amounts paid by China Alliance and China Alliance must return all relevant documents and certificates of holding in relation to any Securities issued under the Subscription Agreement within five (5) days of notice of termination.

(d) **(China Alliance's right to damages):** In the event that the Company does not fulfill any of its obligations under the Subscription Agreement, or the information provided by the Company is proven to be misleading or false, China Alliance has the right to seek damages from the Company for any loss or damage caused by the Company. The damages may consist of profit loss and all other damages and legal expenses caused by the Company's failure to fulfill its obligations.

10.4 EXECUTIVE SERVICES AGREEMENT

On 10 May 2008, the Company entered into an executive services agreement with Mr Sanjay Loyalka **(Executive Services Agreement)**.

The material terms of the Executive Services Agreement are as follows:

(a) **(Term):** the term of the Executive Services Agreement is a period of five (5) years subject to early termination.

(b) **(Consideration):** As Chairman of the Company, Mr Loyalka is entitled to an annual fee of $200,000 (not including superannuation) plus reimbursement for reasonable travelling, accommodation and other expenses that may be incurred in attending the meetings of the Board, or otherwise engaged in the business of the Company or in carrying out his duties as a director.

(c) **(Termination of Employment):** Mr Loyalka may resign from 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. These include:

  (i) ceasing to be a director by virtue of the Corporations Act which includes disqualification for bankruptcy or entering into an arrangement or composition with creditors; or

  (ii) failure to attend board meetings for a continuous period for three (3) months (either personally or by an alternate), without leave of absence from the Board.

Pursuant to a letter agreement entered into between Mr Loyalka and the Company on 27 March 2009, Mr Loyalka has also voluntarily elected to receive Directors fees' at a reduced rate of $75,000 plus superannuation, effective 1 January 2009 until further notice from Mr Loyalka. Mr Loyalka will continue to be reimbursed for out of pocket expenses incurred as a director of the Company.

10.5 LEAD MANAGER MANDATE – ZURICH SECURITIES

On 25 September 2009, the Company entered into a letter of engagement with Zurich Securities Pty Ltd **(Zurich)**, for Zurich to be engaged as Lead Manager to assist in the listing of the Company on ASX by way of the initial public offer (made pursuant to this Prospectus) **(Mandate)**. Zurich's duties will include assisting the Company with the marketing of the Offer, the preparation of the documentation, and securing subscribers for the Offer.

The material terms of the Mandate are as follows:

(a) **(Consideration):** In consideration for its services as Lead Manager to the Offer, the Company will:

  (i) pay to Zurich a fee of 5% plus GST on all funds raised and will ensure payment of any other licensed dealers or brokers who submit applications at a fee as negotiated with those dealers by Zurich;

  (ii) issue to Zurich:

    (A) 250,000 Shares at a deemed issue price of $0.20; and

    (B) 250,000 Options exercisable at $0.20 each and an expiry date of 3 years after the Company obtains conditional approval to list on ASX and otherwise on the same terms and conditions as those issued under the Offer pursuant to this Prospectus.

(b) **(Reimbursement for expenses):** Zurich will be reimbursed for all additional costs incurred such as postage, printing and other costs related to their activities.

(c) **(Term):** The Mandate will continue until the Company successfully lists on ASX, or longer as agreed by the parties.

(d) **(Termination):** In the event of any breach of any of the terms and conditions of the Mandate, Zurich will have the right to terminate and be entitled to reimbursement of all and any expenses incurred to that point.

11 ADDITIONAL INFORMATION

11.1 RIGHTS ATTACHING TO SHARES

Full details of the rights attaching to Shares are set out in the Company's Constitution a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders:

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividend the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) Transfer of Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

11.2 TERMS AND CONDITIONS OF OPTIONS

As at the date of this Prospectus, the Company has 9,500,000 Options on issue exercisable at 20 cents each on or before 31 October 2012.

The Company also intends to issue (subject to the Company receiving conditional approval for admission to the Official List of ASX) a total of 250,000 Options pursuant to a mandate with Zurich Securities to act as Lead Manager to the Offer. These Options will be exercisable at $0.20 each on or before the date that is 3 years after the Company obtains conditional approval for admission to the Official List of ASX, and otherwise on the same terms as those under the Offer pursuant to this Prospectus.

The free attaching Options to be issued with Shares subscribed for under this Prospectus will be exercisable at 20 cents each on or before 30 June 2011.

The material terms and conditions of all of the Options are as follows:

(a) each Option entitles the holder to one (1) Share in the Company;

(b) the Options are exercisable by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company;

(c) the Option exercise price is $0.20 per option;

(d) an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised;

(e) subject to the Corporations Act, the Listing Rules and the Company's Constitution, the Options are freely transferable;

(f) all Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Company will apply for quotation of the Shares issued upon exercise of the Options on ASX;

(g) the Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options;

(h) there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue; and

(i) if at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules.

11.3 EMPLOYEE INCENTIVE OPTION PLAN

On 18 November 2009, the Board adopted an Employee Incentive Option Scheme **(Scheme)** to allow individuals to be granted options **(Employee Options)** to acquire Shares in the Company, the principal terms of which are summarised below.

Eligibility and Grant of Employee Options

The Board may grant the Employee Options to any director, officer or employee of the Company selected by the Board. Employee Options may be granted by the Board at any time when there are no restrictions on dealing in the Shares and the Company is not in a close period.

Consideration

Each Employee Option issued under the Scheme will be issued free of charge.

Exercise Price

The exercise price for Employee Options granted under the Scheme will be fixed by the Board prior to the grant of the Employee Option.

Exercise Restrictions

The options granted under the Scheme may be subject to such other restrictions on exercise as may be fixed by the Directors prior to grant of the Employee Options including, without limitation, length of service by the employee and threshold prices at which Shares are traded on the ASX. Any restrictions so imposed by the Directors must be set out on the Employee Option certificate.

Participation in Dividends, Rights Issues and Bonus Issues

The Employee Options granted under the Scheme do not give any right to participate in dividends or rights issues until Shares are allotted pursuant to the exercise of the relevant Employee Option. The number of Shares issued on the exercise of Employee Options will be adjusted for bonus issues made prior to the exercise of the Employee Options.

Term of Employee Options

The Employee Options granted under the Scheme have a term specified on the face of each certificate.

Subdivision or Consolidation

If the Company, after having granted any Employee Option, reduces its issued Share capital or subdivides or consolidates its Shares, the number of the Shares issued to the option holder on exercise of an Employee Option will be reduced, subdivided or consolidated, as the case may be, in accordance with the ASX Listing Rules.

Restrictions on Transfer

Employee Options are not transferable.

Limitation on offers

(a) If the Company makes an offer under the Scheme where:

(i) the total number of Shares to be received on exercise of Options the subject of that offer exceeds the limit set out in ASIC Class Order 03/184; or

(ii) the Offer does not otherwise comply with the terms and conditions set out in ASIC Class Order 03/184,

(b) the Company must comply with Chapter 6D of the Corporations Act at the time of that Offer.

11.4 DISCLOSURE OF INTERESTS

Directors are not required under the Constitution to hold any Securities. The relevant interests of the Directors in Securities as at the date of this Prospectus and to be issued are as follows:

Director	Shares	Shares to be issued	Options	Options to be issued
Mr Sanjay Loyalka	25,250,000[1]	Nil	Nil	Nil
Mr Arun Jagatramka[2]	10,000,000	5,000,000[3]	Nil	Nil
Mr Mahendra Pal	Nil	Nil	Nil	1,000,000[4]
Mr Andy Lau[5]	Nil	Nil	Nil	Nil

1 24,500,000 Shares held by Mr Loyalka as trustee for the Loyalka Family Trust. 750,000 Shares held by IACG Pty Ltd, an entity controlled by Mr Loyalka, issued pursuant to a Farmin Agreement, the terms of which are summarised in Section 10.2 of this Prospectus.

2 Shares are held by Gujarat NRE Resources NL which is an associated entity of Mr Jagatramka. The Company has agreed to issue a further 10,000,000 Shares to Gujarat NRE upon completion of a BFS and financial closure in relation to the Nelson Bay River Project, for a total of 25,000,000 Shares. Refer to Section 10.1 for further information. This could have the effect of increasing the voting power of Gujarat NRE from 17.65% upon completion of the Offer to 26.32% (assuming that no further Shares are issued, which is considered unlikely).

3 Shares to be issued to Gujarat NRE Resources NL in partial consideration for the acquisition of certain tenements. Refer to Section 10.1 for further information.

4 Subject to the approval of Shareholders at a general meeting to be held on or about 27 November 2009. Options are exercisable at 20 cents each on or before 31 October 2012.

5 Under the terms of an equity subscription agreement (refer to Section 10.3), China Alliance has been issued 16,000,000 Shares and 8,000,000 Options exercisable at 20 cents each on or before 31 October 2012. Mr Andy Lau is the Vice-President of China Alliance.

11.5 REMUNERATION

The Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for non-executive Directors has been set at an amount not to exceed $200,000 per annum.

The remuneration of executive Directors will be fixed by the Directors and may be paid by way of fixed salary or consultancy fee.

The annual remuneration (inclusive of superannuation) payable to each of the Directors as the date of this Prospectus is as follows:

Director	Annual Remuneration
Mr Sanjay Loyalka	$200,000[1]
Mr Arun Jagatramka	$7,500
Mr Mahendra Pal	$25,000
Mr Andy Lau	$7,500

1 Mr Loyalka has voluntarily elected to receive Directors fees' at a reduced rate of $75,000 plus superannuation, effective 1 January 2009 until further notice from Mr Loyalka. Mr Loyalka will continue to be reimbursed for out of pocket expenses incurred as a result of his directorship of the Company.

11.6 DEEDS OF INDEMNITY, INSURANCE AND ACCESS

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting in the capacity as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the Director and must also allow the Directors to inspect Company documents in certain circumstances.

11.7 FEES AND BENEFITS

Other than as set out below or elsewhere in this Prospectus, no:

(a) Director of the Company;

(b) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(c) promoter of the Company; or

(d) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in the Prospectus as a financial services licensee involved in the issue,

has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Securities under this Prospectus; or

(c) the offer of Securities under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of Securities under this Prospectus.

Hellman & Schofield Pty Ltd has acted as the Independent Geologist and has prepared an Independent Geologist's Report which has been included in Section 6 of this Prospectus. The Company estimates that it will pay Hellman & Schofield Pty Ltd a total of $25,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Hellman & Schofield Pty Ltd has not received any other fees from the Company.

Grant Thornton has acted as the Independent Accountant and has prepared an Independent Accountant's Report which has been included in Section 7 of this Prospectus. The Company estimates it will pay Grant Thornton a total of $10,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Grant Thornton has not received any other fees from the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer, has been involved in due diligence enquiries on legal matters and has prepared a Solicitor's Report on Tenements which has been included in Section 8 of this Prospectus. The Company estimates it will pay Steinepreis Paganin $50,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received any other fees for legal services.

Zurich Securities Pty Ltd has acted as the Lead Manager to the Offer. The Company has agreed to pay Zurich Securities a fee of 5% (excluding GST) of the amount raised under the Offer (being $150,000 on minimum subscription and up to $200,000 in the event of full oversubscriptions) and issue to Zurich Securities 250,000 Shares and 250,000 Options exercisable at $0.20 each with an expiry date of 3 years after conditional approval to list.

11.8 CONSENTS

Each of the parties referred to in this section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and

(b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Hellman & Schofield Pty Ltd has given its written consent to being named as the Independent Geologist to the Company in this Prospectus and to the inclusion of the Independent Geologist's Report in Section 6 in the form and context in which the report is included. Hellman & Schofield Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Grant Thornton has given its written consent to being named as the Independent Accountant in this Prospectus and to the inclusion of the Independent Accountant's Report in Section 7 in the form and context in which the report is included. Grant Thornton has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitor to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Tenements in Section 8 in the form and context in which the report is included. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Zurich Securities Pty Ltd has given its written consent being named as the Lead Manager to the Offer in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Registries Limited has given its written consent to being named the Company's Share Registry in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

11.9 RESTRICTED SECURITIES

ASX has indicated that certain existing security holders may be required to enter into agreements which restrict dealings in Securities held by them. These agreements will be entered into in accordance with the Listing Rules.

11.10 EXPENSES OF THE OFFER

The total expenses of the Offer are estimated to be approximately $300,000 (assuming minimum subscription) and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Amount
ASIC fees	$2,010
ASX fees	$50,000
Advisors' fees	$235,000
Printing/Miscellaneous	$12,990
Total	**$300,000**

11.11 LITIGATION

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

11.12 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at **www.shreeminerals.com** or at **www.zurichsecurities.com.au** or **www.gujaratnre.com**.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

11.13 TAXATION

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

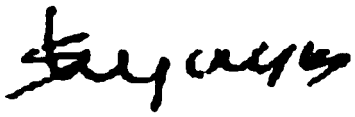
11.14 FORECASTS

The Company is an exploration company with the intention to become a producer in the medium term. Given the speculative nature of exploration, mineral development and production, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

12 DIRECTORS AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Sanjay Loyalka
Chairman

For and on behalf of Shree Minerals Limited

ONLY COMPLETE THIS APPLICATION FORM IF YOU WISH TO SUBSCRIBE FOR SHARES UNDER THE GENERAL OFFER.

GENERAL OFFER APPLICATION FORM

SHREE MINERALS LIMITED | ACN 130 618 683

This General Offer Application Form (**Application Form**) relates to the issue of 15,000,000 fully paid ordinary shares (**Shares**) in Shree Minerals Limited (**Company**) at 20 cents per Share together with one (1) free attaching option for every two (2) Shares subscribed for and issued exercisable at 20 cents each on or before 30 June 2011 (**Option**) pursuant to a prospectus dated 19 November 2009 (**Prospectus**). The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. While the Prospectus is current, the Company will send paper copies of the Prospectus, any supplementary documents and the Application Form, free of charge to any person upon request. You should read the Prospectus before applying for Shares and Options. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable).

PLEASE READ ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

Full name (PLEASE PRINT)
Title, Given Name(s) & Surname or Company Name

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

Postal Address (PLEASE PRINT)
Street Number Street

Suburb/Town State Post Code

ABN, Tax File Number or Exemption Applicant #2 Applicant #3

CHESS HIN or Existing SRN (where applicable)

Number of Shares applied for	Application Money at 20 cents per Share
	A$.....

I/We whose full name(s) and address appear above hereby apply for the number of Shares shown above (to be allocated to me/us by the Company in respect of this Application) together with one (1) free attaching option to acquire a Share for every two (2) Shares applied for exercisable at 20 cents each on or before 30 June 2011 under the Prospectus on the terms set out in the Prospectus.

PAYMENT DETAILS FOR PAYMENT BY CHEQUE ONLY: PLEASE ENTER PAYMENT DETAILS THANKYOU

Drawer	Bank	BSB or Branch	Amount

My/Our contact numbers in the case of inquiry are: Telephone ( ) ..... Fax ( ) .....

Payments by cheque should be made payable to Shree Minerals Limited – Share Offer Account, crossed "NOT NEGOTIABLE".

Completed Application Forms (and cheque, in the case of payment by cheque) should be forwarded, **to arrive no later than 5:00pm WST on 23 December 2009** (or such other date as is determined by the Directors) to Zurich Securities Pty Ltd:

BY MAIL:

Shree Minerals Limited – Share Offer Account
C/- Zurich Securities Pty Ltd
PO Box 1196 SOUTH PERTH WA 6951

BY HAND:

Zurich Securities Pty Ltd
85 South Perth Esplanade
SOUTH PERTH WA 6151

BROKER STAMP

GUIDE TO APPLICATION FORM

If an applicant has any questions on how to complete this Application Form, please telephone Registries Limited on 1300 737 760.

A. APPLICATION FOR SHARES AND OPTIONS

The Application Form must only be completed in accordance with instructions included in Prospectus. Applications must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares (together with corresponding free attaching Options).

B. NAME OF APPLICANT

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registerable title. Applications using the incorrect form of registerable title may be rejected.

C. NAME OF JOINT APPLICANTS OR ACCOUNT DESIGNATION

If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registerable title.

D. ADDRESS

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

E. CONTACT DETAILS

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

F. CHESS HIN OR EXISTING SRN DETAILS

The Company participates in CHESS. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESS HIN. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

G. PAYMENT DETAILS

Unless otherwise agreed by the Company, payment must be in Australian dollars and must be made by either:

- Cheque drawn on an Australian bank account, payable to "**Shree Minerals Limited – Share Offer Account**" and crossed "**Not Negotiable**"; or
- electronic funds transfer to the following account, with the name of the Applicant entered in the description of the transaction:
  BSB: 066 000 **Account Number:** 1137 1949

H. DECLARATION

This Application Form does not need to be signed. By lodging this Application Form and a cheque for the application money this Applicant hereby:

(1) applies for the number of Shares (and corresponding free attaching Options) specified in the Application Form or such lesser number as may be allocated by the Directors;

(2) agrees to be bound by the constitution of the Company;

(3) authorises the directors of the Company to complete or amend this Application Form where necessary to correct any errors or omissions;

(4) acknowledges that he/she has received a copy of the Prospectus attached this Application Form or a copy of the Application Form before applying for the Shares; and

(5) acknowledges that he/she will not provide another person with this Application Form unless it is attached to or accompanied by the Prospectus.

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

ONLY COMPLETE THIS APPLICATION FORM IF YOU WISH TO SUBSCRIBE FOR SHARES UNDER THE GENERAL OFFER.

PRIORITY OFFER APPLICATION FORM

SHREE MINERALS LIMITED | ACN 130 618 683

This Priority Offer Application Form (**Application Form**) relates to the issue of 15,000,000 fully paid ordinary shares (**Shares**) in Shree Minerals Limited (**Company**) at 20 cents per Share together with one (1) free attaching option for every two (2) Shares subscribed for and issued exercisable at 20 cents each on or before 30 June 2011 (**Option**) pursuant to a prospectus dated 19 November 2009 (**Prospectus**). The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. While the Prospectus is current, the Company will send paper copies of the Prospectus, any supplementary documents and the Application Form, free of charge to any per son upon request. You should read the Prospectus before applying for Shares and Options. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable).

PLEASE READ ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

Full name (PLEASE PRINT)
Title, Given Name(s) & Surname or Company Name

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

Postal Address (PLEASE PRINT)
Street Number Street

Suburb/Town State Post Code

ABN, Tax File Number or Exemption Applicant #2 Applicant #3

CHESS HIN or Existing SRN (where applicable)

Number of Shares applied for	Application Money at 20 cents per Share
	A$.....

I/We whose full name(s) and address appear above hereby apply for the number of Shares shown above (to be allocated to me/us by the Company in respect of this Application) together with one (1) free attaching option to acquire a Share for every two (2) Shares applied for exercisable at 20 cents each on or before 30 June 2011 under the Prospectus on the terms set out in the Prospectus.

PAYMENT DETAILS FOR PAYMENT BY CHEQUE ONLY: PLEASE ENTER PAYMENT DETAILS THANKYOU

Drawer	Bank	BSB or Branch	Amount

My/Our contact numbers in the case of inquiry are: Telephone ( ) ..... Fax ( ) .....

Payments by cheque should be made payable to Shree Minerals Limited – Share Offer Account, crossed "NOT NEGOTIABLE".

Completed Application Forms (and cheque, in the case of payment by cheque) should be forwarded, **to arrive no later than 5:00pm WST on 23 December 2009** (or such other date as is determined by the Directors) to Zurich Securities Pty Ltd:

BY MAIL:

Shree Minerals Limited – Share Offer Account
C/- Zurich Securities Pty Ltd
PO Box 1196 SOUTH PERTH WA 6951

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Zurich Securities Pty Ltd
85 South Perth Esplanade
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A. APPLICATION FOR SHARES AND OPTIONS

The Application Form must only be completed in accordance with instructions included in Prospectus. Applications must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares (together with corresponding free attaching Options).

B. NAME OF APPLICANT

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registerable title. Applications using the incorrect form of registerable title may be rejected.

C. NAME OF JOINT APPLICANTS OR ACCOUNT DESIGNATION

If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registerable title.

D. ADDRESS

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

E. CONTACT DETAILS

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

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The Company participates in CHESS. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESS HIN. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

G. PAYMENT DETAILS

Unless otherwise agreed by the Company, payment must be in Australian dollars and must be made by either:

- Cheque drawn on an Australian bank account, payable to "**Shree Minerals Limited – Share Offer Account**" and crossed "**Not Negotiable**"; or
- electronic funds transfer to the following account, with the name of the Applicant entered in the description of the transaction:
  BSB: 066 000 **Account Number:** 1137 1949

H. DECLARATION

This Application Form does not need to be signed. By lodging this Application Form and a cheque for the application money this Applicant hereby:

(1) applies for the number of Shares (and corresponding free attaching Options) specified in the Application Form or such lesser number as may be allocated by the Directors;

(2) agrees to be bound by the constitution of the Company;

(3) authorises the directors of the Company to complete or amend this Application Form where necessary to correct any errors or omissions;

(4) acknowledges that he/she has received a copy of the Prospectus attached this Application Form or a copy of the Application Form before applying for the Shares; and

(5) acknowledges that he/she will not provide another person with this Application Form unless it is attached to or accompanied by the Prospectus.

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

13 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

A$** or **$ means an Australian dollar.

AFSL means Australian Financial Services Licence.

Application Form means the application form accompanying this Prospectus relating to the Offer.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange (as the context requires).

Board means the board of Directors as constituted from time to time.

BFS means Bankable Feasibility Study.

Business Day means a week day when trading banks are ordinarily open for business in Perth, Western Australia.

Company or **Shree** means Shree Minerals Limited (ACN 130 618 683).

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

General Offer means the offer to Shareholders and investors to apply for Shares and Options set out in Section 3.2 of this Prospectus.

General Offer Application Form means the general offer application form accompanying this Prospectus relating to the General Offer.

General Offer Closing Date means the closing date for receipt of application forms under this Prospectus, being 5pm (WST) on 23 December 2009 or an extended date set by the Board.

Gujarat means Gujarat NRE Minerals Limited (ACN 111 244 896).

Gujarat NRE means Gujarat NRE Resources NL (ACN 109 660 497).

Listing Rules means the official listing rules of ASX.

Offer means the offer to Shareholders and investors to apply for Shares and Options set out in Section 3 of this Prospectus.

Official List means the Official List of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Option means an option to acquire a Share.

Priority Offer means the offer of 5,000,000 Shares to shareholders of Gujarat on the Record Date, on the terms set out in Section 3.2 of this Prospectus.

Priority Offer Application Form means the priority offer application form accompanying this Prospectus relating to the Priority Offer.

Priority Offer Closing Date means the closing date for receipt of the Priority Offer Application Form under this Prospectus, being 5pm (WST) on 23 December 2009 or an extended date set by the Board.

Prospectus means this prospectus.

Record Date means the record date for determining entitlements to participate in the Priority Offer, being 5pm (WST) on 19 November 2009.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Registries Limited.

Shareholder means a holder of Shares.

Tenements means the tenements in which the Company has an interest as set out in the Solicitor's Report on Tenements in Section 8 of this Prospectus.

WST means Western Standard Time, Perth, Western Australia.

Zurich Securities means Zurich Securities Pty Ltd ACN 111 049 800, AFSL 317392.

Shree Minerals Limited
Lv 1, 16 St Georges Tce
Perth WA 6000

Ph: (08) 9323 0939
Fax: (08) 9323 0943