

Shree Minerals Limited

ACN 130 618 683

INTERIM FINANCIAL report

FOR THE HALF YEAR ENDED
31 DECEMBER 2011

THIS HALF-YEAR FINANCIAL REPORT IS TO BE READ IN CONJUNCTION WITH THE FINANCIAL
REPORT
FOR THE YEAR ENDED 30 JUNE 2011

SHREE MINERALS LIMITED

Corporate Directory

DIRECTORS

Sanjay Loyalka

Amu Shah

Mahendra Pal

Arun Kumar Jagatramka

Andy Lau

COMPANY SECRETARY

Sanjay Loyalka

REGISTERED OFFICE

Unit 4

The Pines Business Centre

86-88 Forrest Street

Cottesloe

WA 6011

Ph: (08) 6161-2068

Fax: (08) 93855194

SOLICITORS

Steinepreis Paganin

Lv 4, 16 Milligan St

Perth WA 6000

AUDITORS

Grant Thornton Audit Pty Ltd

Lv 1, 10 Kings Park Road

West Perth WA 6005

BANKERS

Commonwealth Bank of Australia

St Georges Tce

Perth WA 6000

SHREE MINERALS LIMITED

DIRECTORS REPORT

Your directors present their report on the Company for the half year ended 31 December 2011.

Directors

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

Sanjay Loyalka
Amu Shah
Mahendra Pal
Arun Kumar Jagatramka
Andy Lau

Review of Operations and activities

During the reporting period the following work was carried out:

- Geophysical study of Mt.Sorell & Sulphide Creek
- Pre Feasibility Study Completed of NBR project.
- Statutory approvals for the NBR Project progressed.
- Geophysical study of Mt.Sorell & Sulphide Creek
- Preparing Sulphide Creek program for 2012 field season.
- Preparing Mt.Bertha program for 2012 field season.
- Preparing Mt.Sorell program for 2012 field season.
- Resource estimation for the NBR Project

Nelson Bay River Iron Ore Project

Pre Feasibility study completed .

- The study confirms the viability of the project to become a producer of iron ore in North West Tasmania.
- The Project is located in close proximity to existing infrastructure within an established mineral province with active mining in the region of North West Tasmania.
- The Project has three types of resources: Direct Shipping Iron (DSO), Beneficiable low-grade resource (BFO) and Magnetite resource
- The Company plans to mine the DSO first followed by beneficiable low- grade magnetic goethitic-hematite (BFO) material, and then the magnetite resource.
- Feasibility study of DSO pit will be completed including updating of the resources based on 2011 drilling which based on observations are expected to increase DSO resources.
- The PFS study has highlighted a few areas requiring further technical input before commencing mining of deep magnetite resources. These studies will be attended to during the DSO & BFO production phase. These studies have the potential to improve project economics.

Statutory Approvals progressed

1. Mining Lease : A mining lease application (MLA 3 M, 2011) which was submitted to Mineral Resources Tasmania earlier for Category 1 products (metallic substances) has been amended to add Category 3 products (construction minerals) as an additional category. This has been done to provide for the possible beneficial use of suitable parts of waste rock which Shree has identified as potential future opportunities for purposes, such as road base. Testwork has confirmed the characteristics of waste rock to required specifications for such use.
2. Environment Protection and Biodiversity Conservation Act 1999 (EPBCA) : The Company referred its proposal for developing a mine to the Commonwealth Department of Sustainability, Environment, Water, Population and Communities (the Department) in February 2011. The

SHREE MINERALS LIMITED

DIRECTORS REPORT

Minister, the Hon Tony Burke MP, determined in March 2011 that the proposal was a controlled action and required the preparation of an Environmental Impact Statement (EIS) under Part 8 of the EPBC Act. Guidelines for preparation of EIS were issued in July 2011 following public consultation by the department. Draft EIS was submitted to the department & finalized for public exhibition period commencing in December 2011.

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

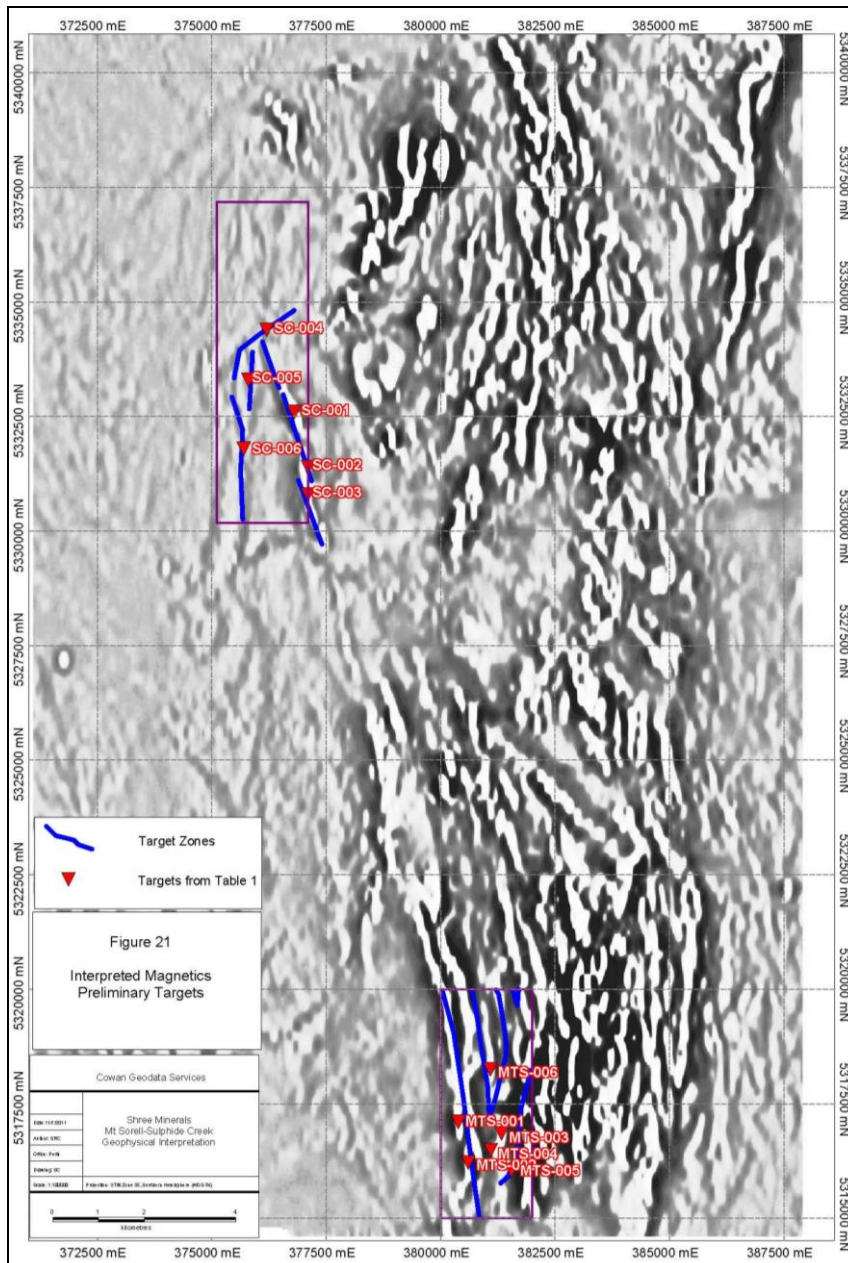
Mt Sorell (EL42/2008) and Sulphide Creek (EL 43/2008) - Geophysical study

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

Table 1: Sulphide Creek & Mt Sorell Geophysical Targets

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

DIRECTORS REPORT



Source: Cowan Geodata

Figure 1: Sulphide Creek & Mt Sorell Geophysical Targets

Result of Operations

The net loss after income tax for the period was \$335,648 (2010: \$250,371).

Financial Position

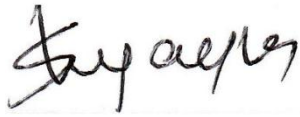
The net assets of the Company are \$8,740,468 as at 31 December 2011 (at 30 June 2011: \$7,723,202).

SHREE MINERALS LIMITED

DIRECTORS REPORT

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 4 for the half-year ended 31 December 2011.

A handwritten signature in black ink, appearing to read 'Sanjay Loyalka', is written over a light blue horizontal line.

Sanjay Loyalka
Chairman

Dated at 27th February 2012



10 Kings Park Road
WEST PERTH WA 6005
PO Box 570
West Perth WA 6872
T+ 61 8 9480 2000
E+61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF SHREE MINERALS LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Shree Minerals Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner – Audit & Assurance

Perth, 27 February 2012

SHREE MINERALS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	31-Dec 2011	31-Dec 2010
	\$	\$
Revenue from continuing operations		
Interest Received	91,092	95,276
Expenses from continuing operations		
Employees and consultants	-371,459	-147,751
Accounting and legal	-19,118	-4,334
Corporate compliance fees	-13,571	-11,736
Rates and other taxes	0	0
Travel and accommodation	-6,309	-4,436
Finance charges	-950	-879
Occupancy and communications	-12,127	-26,398
Impairment of capitalised exploration	0	-145,086
Other Expenses	-3,206	-5,027
Loss before income tax	-335,648	-250,371
Income tax expense	0	0
Loss for the period	-335,648	-250,371
Loss attributable to members of Shree Minerals	-335,648	-250,371
	0	0
Other Comprehensive income		
Total Comprehensive income attributable to members of Shree Minerals	-335,648	-250,371
Earnings per share for (loss) attributable to ordinary equity holders of the company:		
Basic (loss) cents per share	-0.70	-0.29

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

SHREE MINERALS LIMITED

STATEMENT OF FINANCIAL POSITION as at 31 DECEMBER 2011

	31-Dec-11	30-Jun-11
	\$	\$
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	3,186,808	2,557,162
Receivables	101,937	192,429
Total Current Assets	3,288,745	2,749,591
<i>Non-Current Assets</i>		
Exploration and evaluation	5,555,177	5,209,739
Property, plant and equipment	3,277	1,708
Total Non-Current Assets	5,558,454	5,211,447
Total Assets	8,847,199	7,961,038
Liabilities		
<i>Current Liabilities</i>		
Trade and other payables	-60,881	-219,365
Provisions	-45,850	-18,472
Total Current Liabilities	-106,731	-237,836
<i>Non-Current Liabilities</i>		
Payables	0	0
Total Non-Current Liabilities	0	0
Total Liabilities	-106,731	-237,836
Net Assets	8,740,468	7,723,202
Equity		
Contributed equity	9,697,782	8,500,310
Reserves	284,587	129,145
Retained profits (losses)	-1,241,901	-906,253
Total Equity	8,740,468	7,723,202

The above balance sheet should be read in conjunction with the accompanying notes.

SHREE MINERALS LIMITED

Statement of Changes in Equity For the half year ended 31 DECEMBER 2011

	Issued Capital	Accumulated losses	Share Based Option Reserve	Total
Balance at 1 July 2010	8,163,345	-442,075	-	7,721,270
Shares issued during the period	-	-	-	-
Capital raising costs	-4,535	-	-	-4,535
Loss attributable to equity shareholders	-	-250,371	-	-250,371
Balance at 31 December 2010	8,158,810	-692,446	-	7,466,364
Balance at 1 July 2011	8,500,310	-906,253	129,145	7,723,202
Shares issued during the period	1,256,500	-	-	1,256,500
Capital raising costs				-59,028
Loss attributable to equity shareholders	-	-335,648		-180,206
Share based payments			155,442	
Balance at 31 December 2011	9,697,782	-1,241,901	284,587	8,740,469

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

SHREE MINERALS LIMITED

Cash flow Statement for the half year ended 31 DECEMBER 2011

	31-Dec-11 \$	31-Dec-10 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	-166,182	-417,001
Interest received	81,090	76,725
Other Income	69,091	0
Finance and borrowing costs paid	0	0
Net cash inflow from operating activities	<u>-16,001</u>	<u>-340,276</u>
Cash flows from investing activities	<u>-445,325</u>	<u>0</u>
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	1,150,000	0
Payments for share issue costs	-59,028	0
Net cash inflow from financing activities	<u>1,090,972</u>	<u>0</u>
Net (decrease) increase in cash and cash equivalents	629,646	-340,276
Cash and cash equivalents at the beginning of the financial period	2,557,162	3,113,238
Cash and cash equivalents at the end of the financial period	<u>3,186,808</u>	<u>2,772,962</u>

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

SHREE MINERALS LIMITED

Notes to the financial statements

1. Statement of significant accounting policies

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

(A) BASIS OF PREPARATION

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Shree Minerals Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the Company and are consistent with those in the annual financial report for the year ended 30 June 2011.

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

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

Reporting Basis and Conventions

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

SHREE MINERALS LIMITED

Notes to the financial statements

2. OPERATING SEGMENTS

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

NOTE 3: CONTRIBUTED EQUITY

On 31st December 2011, there were 95, 947,500 ordinary shares issued, with a value of \$9,697,782. During the half year ended 31st December 2011 the number of shares placed were 8,075,000.

NOTE 4: DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2011.

NOTE 5: CONTINGENT LIABILITIES

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

NOTE 6: EVENTS SUBSEQUENT TO BALANCE DATE

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

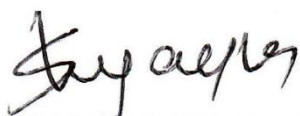
SHREE MINERALS LIMITED

Directors' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 12 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 31st December 2011 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Sanjay Loyalka
Chairman

Signed at Perth the 27th day of February 2012.

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

We have reviewed the accompanying half-year financial report of Shree Minerals Limited ("Company"), which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Shree Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

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

- c giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- d complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner – Audit & Assurance

Perth, 27 February 2012