

SHREE MINERALS LIMITED

ACN 130 618 683

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2016

THIS HALF-YEAR FINANCIAL REPORT IS TO BE READ IN CONJUNCTION WITH THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

SHREE MINERALS LIMITED

CORPORATE DIRECTORY

DIRECTORS

Rajesh Bothra
Sanjay Loyalka
Amu Shah
Andy Lau

COMPANY SECRETARY

Sanjay Loyalka

REGISTERED OFFICE

Unit 38
18 Stirling Highway
Nedlands
WA 6009

SOLICITORS

Steinepreis Paganin
Level 4, 16 Milligan St
Perth WA 6000

AUDITORS

Stantons International
Level 2, 1 Walker Avenue
West Perth WA 6005

BANKERS

Commonwealth Bank of Australia
St Georges Tce
Perth WA 6000

SHREE MINERALS LTD

DIRECTORS' REPORT

Your directors present their report on the Company for the half year ended 31 December 2016.

DIRECTORS

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

Rajesh Bothra
Sanjay Loyalka
Amu Shah
Andy Lau

REVIEW OF OPERATIONS AND ACTIVITIES

Highlights

- Share Placement completed for approximately \$2.8 million.
- Frost advance of approximately \$1.65 million repaid to extinguish liability
- Two shipments of Iron Ore of approximately 50 thousand tonnes was made during the half year for an approximate value of US\$ 2 million.
- NBR operations continue under care & maintenance
- Shree is working with the Tasmanian Government authorities to resolve the permit issues following the setting aside by the Court of the approval by EPA to allow a temporary PAF rock dump for DSO south pit.
- Environment monitoring as per approved plans being attended to
- Efforts to conserve cash continues in the current challenging environment
- Business Development opportunities being pursued

Nelson Bay River Iron Ore Project

The Iron Ore market has continued to recover during the period.

IODEX 62% Fe \$/dmt - CFR, North China import, \$/t
chart by amcharts.com



The company has taken various steps to conserve cash resources & optimise costs.

SHREE MINERALS LTD

DIRECTORS' REPORT

Development & Production

During the reporting period, the mining & production figures are as per Table 1.

Table 1

		Half Year ended 31/12/2016	Half Year ended 31/12/2015
Waste Stripping	BCM	0	0
Ore Mining	Tonnes	0	0
Ore Crushing & screening	Tonnes	23,211	0
Sales	Tonnes	50,696	0

Exploration

Due to the focus on conservation of cash, no exploration activities were carried out during the period.

Tenements

The mining tenements held at the end of the reporting period and their locations are as per Table 2.

Table 2

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

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

Exploration License EL42/2008 (in the locality of Mt Sorell) expired on 17 November 2016. As the current focus is to conserve cash, the Board of the Company decided not to apply to extend the term of the licence.

Exploration License EL41/2004 (in the locality of Nelson Bay River) expired on 1 March 2017. As the current focus is to conserve cash, the Board of the Company decided not to apply to extend the term of the licence.

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

NIL

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

NIL

SHREE MINERALS LTD

DIRECTORS' REPORT

Outlook

Prior to the Company considering recommencement of operations, it looks forward to resolution of the permit issues following the setting aside by the Court of the approval by EPA to allow a temporary PAF rock dump for DSO south pit .

The NBR project is being developed in a phased philosophy with the initial plan to mine the goethitic-hematite resource to export iron ore over the first couple of years at low capital expenditure to be followed by the magnetite resource to produce dense media magnetite (DMM) used for the coal washery industry.

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

RESULT OF OPERATIONS

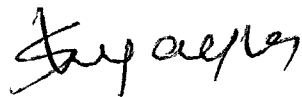
The net loss after income tax for the period was \$761,764 (2015: \$1,261,153).

FINANCIAL POSITION

The net assets of the Company are \$ 2,402,798 as at 31 December 2016 (at 30 June 2016: \$1,541,340).

AUDITOR'S DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2016.



Sanjay Loyalka
Director & Company Secretary

14th March 2017.

14 March 2017

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

Dear Sirs

RE: SHREE MINERALS LIMITED

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

As Audit Director for the review of the financial statements of Shree Minerals Limited for the period ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

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



Samir Tirodkar
Director

SHREE MINERALS LIMITED

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	31-Dec-16 \$	31-Dec-15 \$
Revenue from continuing operations			
Sales Income		2,631,922	0
Interest		9,195	18,525
Expenses from continuing operations			
Cost of sales including care and maintenance		(2,987,562)	(224,917)
Impairment of inventory	4	0	(693,599)
Finance charges		(12,674)	(7,205)
Employee and consulting fees		(230,250)	(218,666)
Regulatory costs		(14,677)	(23,049)
Occupancy and communication		(15,524)	(16,979)
Foreign exchange gain / loss		66,393	(80,169)
Accounting and legal fees		(18,536)	(3,631)
Impairment of exploration tenements		(121,330)	0
Other expenses		(68,721)	(11,463)
Loss before income tax		(761,764)	(1,261,153)
Income tax benefit		0	0
Loss for the half year		(761,764)	(1,261,153)
Other comprehensive income		0	0
Items that may be re-classified subsequently to Profit or Loss		0	0
Items that will not be reclassified to Profit or Loss		0	0
Comprehensive loss for the half year		(761,764)	(1,261,153)
 Earnings per share for (loss) attributable to ordinary equity holders of the company:			
Basic & diluted (loss) cents per share		(0.27)	(0.89)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

SHREE MINERALS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	31-Dec-16 \$	30-Jun-16 \$
Assets			
<i>Current Assets</i>			
Cash and cash equivalents		1,861,849	1,405,004
Receivables		64,305	184,931
Inventory	4	255,630	1,264,347
Total Current Assets		<u>2,181,784</u>	<u>2,854,282</u>
<i>Non-Current Assets</i>			
Exploration and evaluation	5	0	121,330
Mine Development	6	1,583,647	1,583,647
Other assets	6(a)	865,590	865,590
Plant and equipment		8,532	46,198
Total Non-Current Assets		<u>2,457,769</u>	<u>2,616,765</u>
Total Assets		<u>4,639,553</u>	<u>5,471,047</u>
Liabilities			
<i>Current Liabilities</i>			
Trade and other payables	10	706,499	2,382,863
Loans		0	3,542
Provisions		4,865	4,865
Total Current Liabilities		<u>711,364</u>	<u>2,391,270</u>
<i>Non-Current Liabilities</i>			
Rehabilitation Provision		1,499,300	1,499,300
Other Payables	11	26,091	39,137
Total Non-Current Liabilities		<u>1,525,391</u>	<u>1,538,437</u>
Total Liabilities		<u>2,236,755</u>	<u>3,929,707</u>
Net Assets		<u>2,402,798</u>	<u>1,541,340</u>
Equity			
Contributed equity	3	17,897,568	15,063,424
Share applications		0	1,210,922
Reserves		284,587	284,587
Accumulated losses		(15,779,357)	(15,017,593)
Total Equity		<u>2,402,798</u>	<u>1,541,340</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

SHREE MINERALS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	Issued Capital \$	Share Applications \$	Accumulated Losses \$	Share based option reserve \$	Total \$
BALANCE AT 1 JULY 2015		15,094,311	0	(13,864,989)	284,587	1,513,909
Total comprehensive income (loss) for the period		0	0	(1,261,153)	0	(1,261,153)
Shares issued during the half year		0	0	0	0	0
Capital raising costs		0	0	0	0	0
BALANCE AT 31 DECEMBER 2015		15,094,311	0	(15,126,142)	284,587	252,756
BALANCE AT 1 JULY 2016		15,063,424	1,210,922	(15,017,593)	284,587	1,541,340
Total comprehensive income (loss) for the period		0	0	(761,764)	0	(761,764)
Shares issued during the half year		2,843,684	0	0	0	2,843,684
Share Applications		0	(1,210,922)	0	0	(1,210,922)
Capital raising costs		(9,540)	0	0	0	(9,540)
BALANCE AT 31 DECEMBER 2016		17,897,568	0	(15,779,357)	284,587	2,402,798

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 2016

	Note	31-Dec-16 \$	31-Dec-15 \$
Cash flows from operating activities (including exploration)			
Sales receipts		2,622,037	(522)
Payments to suppliers and employees (inclusive of GST)		(2,151,794)	(290,082)
Interest received		17,066	30,616
Net cash inflow/(outflow) from operating activities (including exploration)		<u>487,309</u>	<u>(259,988)</u>
Cash flows from investing activities			
Payment for plant and equipment		0	(6,185)
Payment for mineral exploration		0	(1,359)
Net cash outflow from investing activities		<u>0</u>	<u>(7,544)</u>
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		1,632,762	0
Payments for share issue costs		(9,540)	0
Repayment of borrowings		(1,653,686)	(4,934)
Net cash inflow/(outflow) from financing activities		<u>(30,464)</u>	<u>(4,934)</u>
Net increase /(decrease) in cash and cash equivalents		456,845	(272,466)
Cash and cash equivalents at the beginning of the financial period		<u>1,405,004</u>	<u>1,105,998</u>
Cash and cash equivalents at the end of the financial period		<u>1,861,849</u>	<u>833,532</u>
Cash and cash equivalents at the end of the financial period			
Cash at bank & in hand		<u>1,861,849</u>	<u>833,532</u>
Cash and cash equivalents at the end of the financial period		<u>1,861,849</u>	<u>833,532</u>

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

SHREE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 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 2016.

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.

These financial statements have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. As a result, the financial report for the half year ended 31 December 2016 does not include any adjustments relating to the recoverability and classification of the recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Going Concern:

The economic environment in which the Company operates is both difficult and challenging, and the Company has recorded a loss after tax of \$ 761,764 for the half year(2015:1,261,153). The net loss after tax includes non-cash items of impairment of exploration tenements of \$121,330(2015: Nil).

As at 31 December 2016, the Company had cash reserves of \$ 1,861,849.

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

The Company continues to engage with its stakeholders and continues to monitor opportunities from interested investors to raise additional equity for the business and the Company's Board of Directors has a long history of fund raising in the public and will do so when required.

In addition, the Company continues to focus efforts on improving liquidity through:

- the implementation of further cost improvement initiatives;
- continuation of voluntary payroll reductions ;and
- Re-commencement of operations at an appropriate opportunity.

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

The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course

SHREE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

of business. Should the Company be unable to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

(B) SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year's financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation were the same as those that applied to the financial statements for the year ended 30 June 2016.

(C) NEW AND REVISED ACCOUNTING STANDARDS

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period. The Company has not elected to early adopt any other Standards or amendments that are issued but not yet effective. The adoption of all new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods.

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. The Company has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs, where applicable, 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.

NOTE 2: OPERATING SEGMENTS

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

NOTE 3: ISSUED CAPITAL

On 31st December 2016, there were 284,368,446 ordinary shares issued. During the half year ended 31st December 2016, 142,184,223 shares were issued through a private placement at \$0.02 per share aggregating to \$2,843,684.

SHREE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: INVENTORY

	31 Dec 2016	30 June 2016
	\$	\$
Iron ore (crushed & uncrushed) at cost	255,360	3,315,988
Impairment FY2014 (diminution in value at net realisable value)	0	(608,726)
Impairment FY2015 (diminution in value at net realisable value)	0	(749,316)
Impairment FY2016 (diminution in value at net realisable value)	0	(693,599)
Iron ore (crushed & uncrushed)	<u>255,360</u>	<u>1,264,347</u>

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

NOTE 5: EXPLORATION EXPENDITURE

	31 Dec 2016	30 Jun 2016
	\$	\$
Opening balance	121,330	296,947
Exploration capitalised	0	4,324
Impairment	(121,330)	(179,941)
Closing balance	<u>0</u>	<u>121,330</u>

NOTE 6: MINE DEVELOPMENT

	31 Dec 2016	30 Jun 2016
	\$	\$
Opening balance	1,583,647	1,583,647
Impairment Provision	0	0
Mine Development Costs	0	0
Closing balance	<u>1,583,647</u>	<u>1,583,647</u>

SHREE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

As the mine is on care & maintenance, all costs incurred during the half year, have been charged to Profit or Loss account and there is no amortisation as there has been no mining activity resulting in any reduction of mineable resources .

NOTE 6(A): OTHER ASSETS

Other assets related to deposits supporting guarantees for rehabilitation bonds.

NOTE 7: DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2016.

NOTE 8: CONTINGENT LIABILITIES

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

NOTE 9: RELATED PARTIES

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

To conserve cash resources of the company during the period the operations are under suspension, the directors have voluntarily elected to take reduced drawings of their remuneration & the balance is deferred till the cash flow situation of the company improves. Consequently, as at 31 December 2016, the amount of \$592,500 remains outstanding for remuneration.

NOTE 10: TRADE AND OTHER PAYABLES

	30 Dec 2016	30 June 2016
	\$	\$
<i>Current</i>		
Trade creditors	20,451	168,409
Other payables	93,548	94,310
Voluntary deferred employee payments	592,500	470,000
Advance(i)	0	1,650,144
	<u>706,499</u>	<u>2,382,863</u>

- (i) Advance of \$1,650,144 from Frost Global Pte Ltd pursuant to an offtake agreement has been repaid during the half year.

SHREE MINERALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: OTHER PAYABLES

	30 Dec 2016	30 June 2016
	\$	\$
<i>Non Current</i>		
Other payables (i)	26,091	39,137
	<u>26,091</u>	<u>39,137</u>

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

NOTE 12: 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:

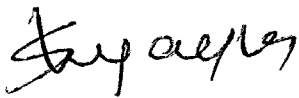
(a) the financial statements and notes set out on pages 6 to 14 are in accordance with the Corporations Act 2001, including:

(i) Complying with Accounting Standard AASB134 Interim Financial Reporting, 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 2016 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
Director

Signed at Perth the 14th day of March 2017.

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Shree Minerals Limited, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Shree Minerals Limited (the Company).

Directors' Responsibility for the Half-Year Financial Report

The directors of Shree Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 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 half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Shree Minerals Limited on 14 March 2017.

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:

- (a) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

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

Stantons International



Samir Tirodkar
Director

West Perth, Western Australia
14 March 2016