Shree Minerals Limited

EL 54 / 2008 Rebecca Creek

Year 1 Annual Report

For the period 11 May 2009 to 11 May 2010

W M Harder

15th March 2010

SHREE MINERALS LIMITED

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ABSTRACT

The area in which EL 54/2008 is located was previously explored in 2000 when Pacific Nevada carried out a regional exploration program to test an airborne magnetic anomaly in the west of the licence. The target was gold and base metals. The work was a surficial investigation. No rocks were found that contained pyrite or magnetite mineralization. No further work was carried out.

Prior to this in the nineteen 80's & Geopecko Exploration Pty Ltd established a grid over the area around the Rebecca Creek Homestead. (This cattle ranch has been running cattle for beef since the 1880's which now has added plantation blue gum trees to some of its spare paddocks.) Geopecko followed up with ground magnetometry

In the 1990's CRA Exploration Pty Ltd also carried out regional exploration in north western Tasmania and mapped the Nelson Bay and Balfour and the Rebecca Creek area. For corporate reasons CRAE withdrew from all Tasmanian exploration leaving Allegiance Mining NL to progress the discovery and develop the Avebury nickel mine.

In more recent years the predecessors of Shree Minerals Ltd was interested to investigate this magnetic anomaly further and an application for the area and a program of work proposal was submitted to the MRT.

A diamond drilling program comprising one inclined hole was suggested to test this anomaly. If magnetite mineralization is intersected then a future drilling program will be designed to test any mineralization further.

The EL 54/2008 looks promising for a magnetite resource as it is south of and close to the company's magnetite resource at Nelson Bay River and this resource may have an off shoot in the south at Rebecca Creek. At NBR the magnetite found is suitable for use in coal washing plants and it could also be pelletised for use in steel making, hence the interest in Rebecca Creek.

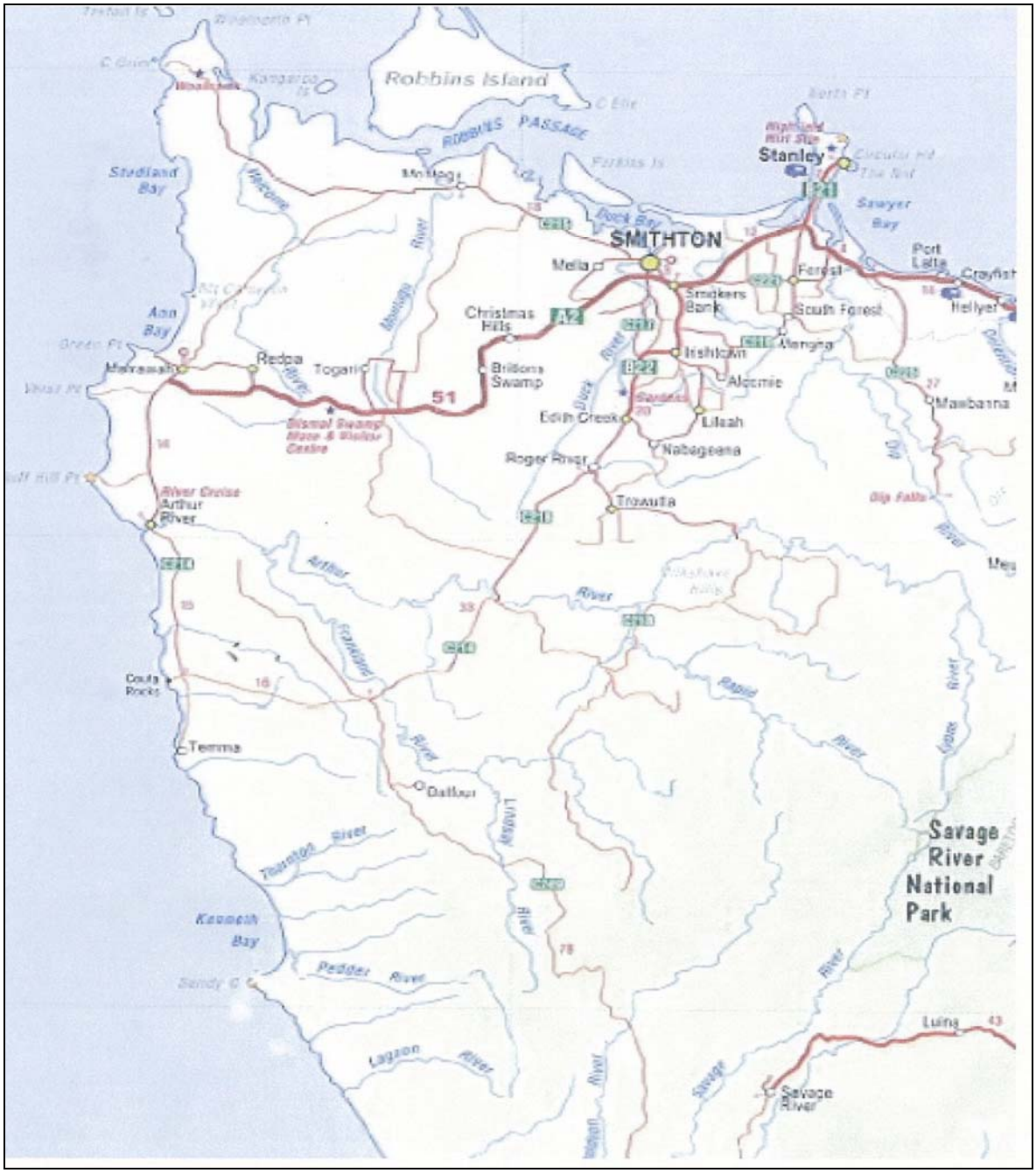
The old Geopecko grid was found and partially reestablished and was used for access.

Shortly there after a magnetometer survey was carried out and confirmed the location of the magnetic anomalies and gave rise to a rock outcrop chip/channel sampling program of the iron rich magnetic dyke. Assays of this sampling are very encouraging.

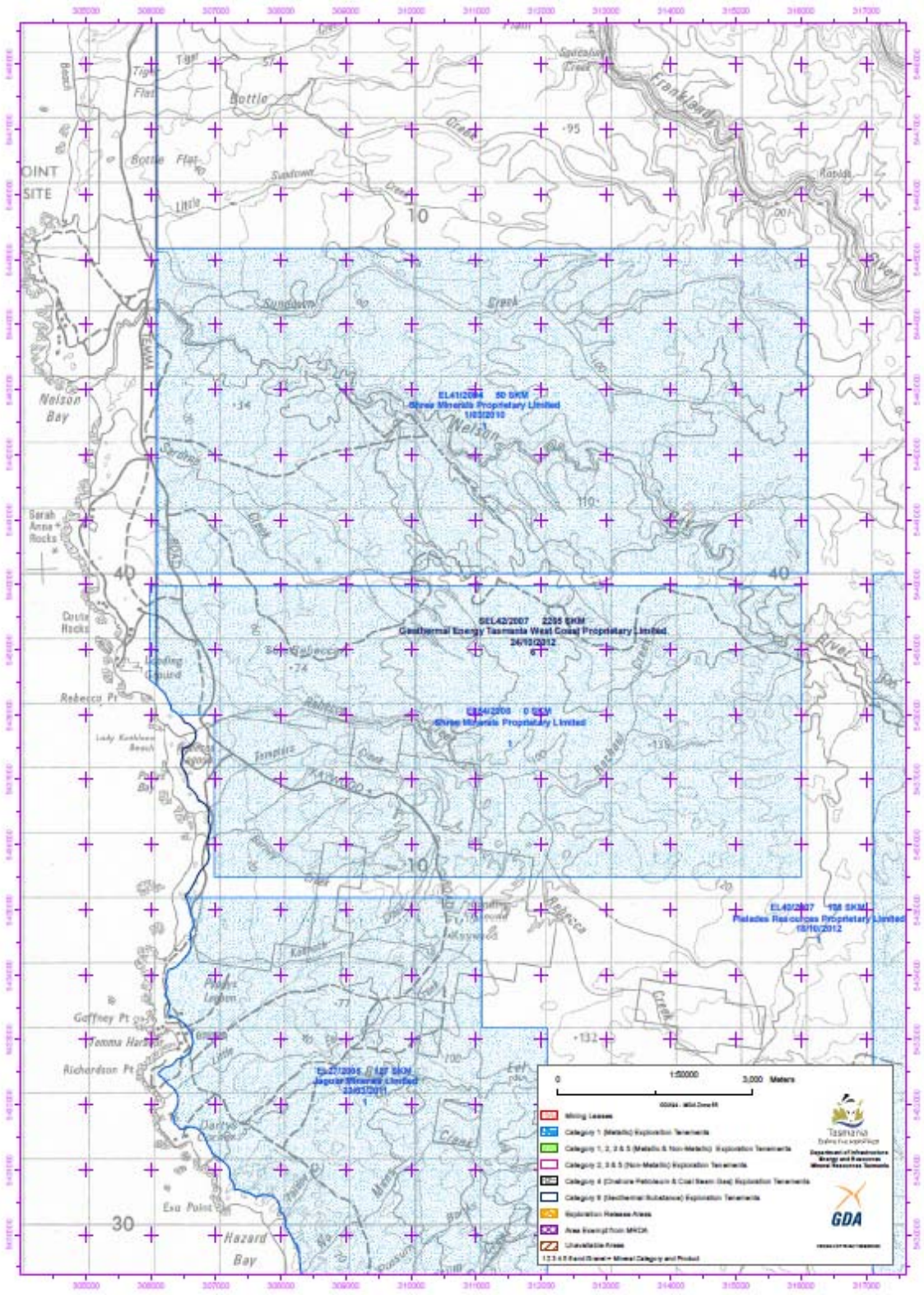
The prospect will undergo continuing exploration, drilling and study commencing on site in May or later 2010.

CONTENTS Page Number

NORTH-WEST TASMANIA ROAD MAP 4



Rebecca Creek is located in a n-s 5km x w-e10km almost rectangular area east of Couta Rocks and Temma Villages The Rebecca Link Road runs w-e through the north side of the EL.
View these details in the map below.



REBECCA CREEK EL 54/2008 is in the middle. GDA 94

1 Introduction

1.1 Exploration Rational

EL 54/2008 was last explored in 2000 when Pacific Nevada carried out surficial exploration program to look at the airborne magnetic anomaly in the west of the licence. The target was gold and base metals. The anomaly was thought to be related to the airborne magnetic anomaly further north at Nelson Bay River which contains pyrite and magnetite mineralization. No further work was carried out.

The immediate exploration predecessors to Shree Minerals Ltd in the area concentrated all their attention on the Nelson Bay River magnetite anomaly. However :

Shree Minerals Ltd were and are interested to investigate the Rebecca Creek magnetic anomaly and relook at it from a magnetite resource viewpoint and also investigate the other areas of targeted mineralization as outlined by our Independent Consultant Geologist as per the prospectus of Zinico Resources NL August 2005.

1.2 Tenement Information

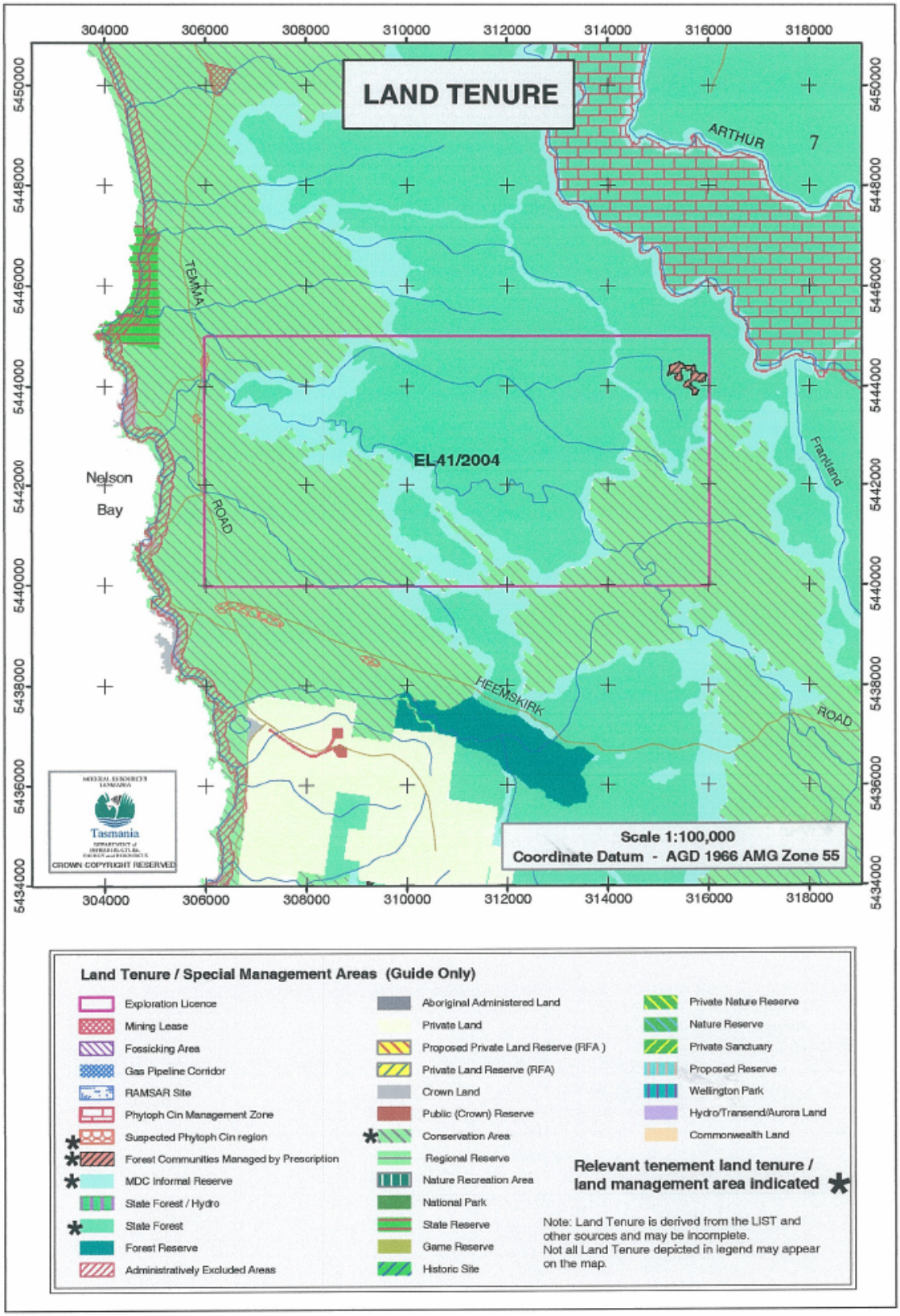
The exploration licence EL 54/2008 measures 43 square kilometres and is located in the far North-West of the State near (and east of the small townships of Couta Rocks and Temma about 70km southwest of Smithton.

Application was made in late October 2008 and
The licence was granted on 11th May 2009.

Shree Minerals Limited holds a 100% interest in the Exploration Licence EL 54/2008.

This First Year Annual Report covered the period from 11 May 2009 to 11 May 2010 which is the annual renewal date.

AGD 66 **EL 54/2008 Rebecca Creek**



Land Tenure / Special Management Areas (Guide Only)

- Exploration Licence
- Mining Lease
- Fossicking Area
- Gas Pipeline Corridor
- RAMSAR Site
- Phytoph Cin Management Zone
- * Suspected Phytoph Cin region
- * Forest Communities Managed by Prescription
- * MDC Informal Reserve
- State Forest / Hydro
- * State Forest
- Forest Reserve
- Administratively Excluded Areas
- Aboriginal Administered Land
- Private Land
- Proposed Private Land Reserve (RFA)
- Private Land Reserve (RFA)
- Crown Land
- Public (Crown) Reserve
- * Conservation Area
- Regional Reserve
- Nature Recreation Area
- National Park
- State Reserve
- Game Reserve
- Historic Site
- Private Nature Reserve
- Nature Reserve
- Private Sanctuary
- Proposed Reserve
- Wellington Park
- Hydro/Transend/Aurora Land
- Commonwealth Land

Relevant tenement land tenure / land management area indicated *

Note: Land Tenure is derived from the LIST and other sources and may be incomplete. Not all Land Tenure depicted in legend may appear on the map.

2 Review of Previous Work

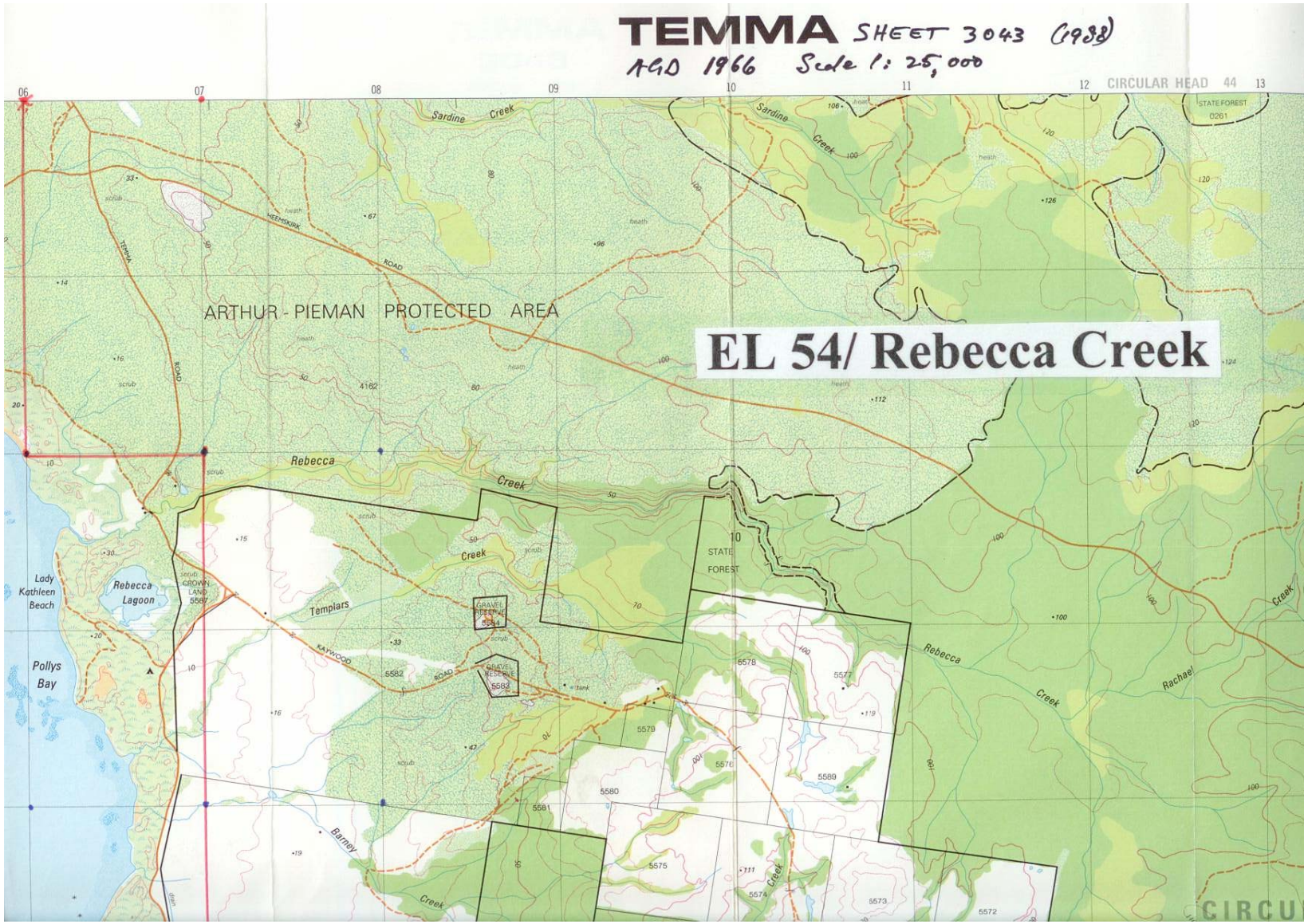
CRAE Pty Ltd (now Riotinto Ltd) carried out mapping and exploration in 1983 and 1997 of the general area.
Full details of this work are described in the consultant's report which is attached to the NBR Annual Report Year 1: 2006.

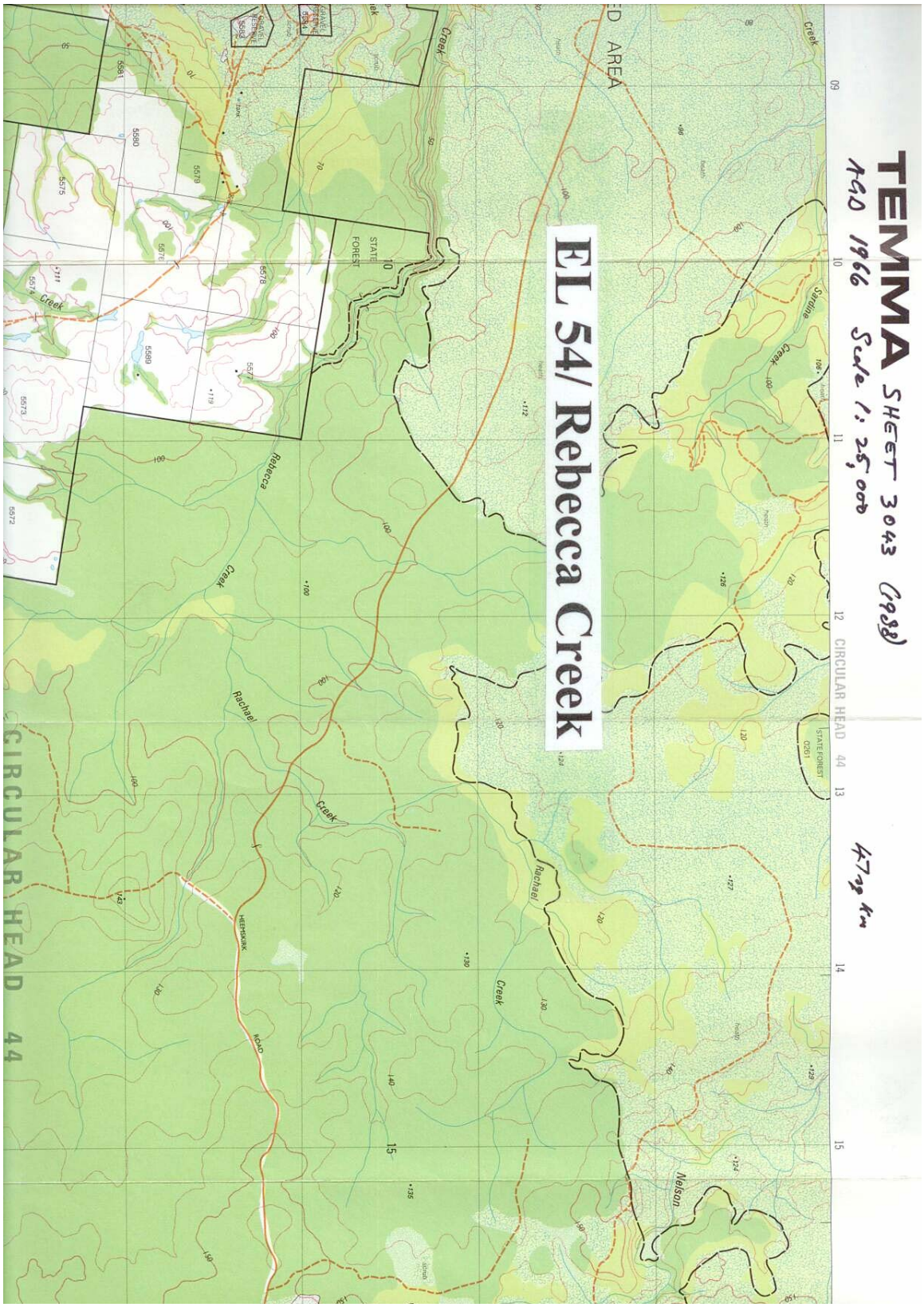
Pacific Nevada Mining Pty Ltd held the licence in 2000 and carried out surface work. Their target was gold and base metal mineralization and when this was not found, the licence was relinquished.

This dyke mineralisation became the focus for work carried out by predecessors of Shree Minerals Ltd. at Nelson Bay River and no attention was given the Rebecca Creek area until Shree Minerals Ltd obtained that EL and then considered this southern area as potentially mineralized and related.

The photo below is taken from the Rebecca Link Road within the EL and is a view in a northerly direction near the northern edge of the EL boundary.

Heathland grass and scrub on the southern edge of the EL


TEMMA SHEET 3043 (1988)
AGD 1966 Scale 1: 25,000
CIRCULAR HEAD 44
ARTHUR - PIEMAN PROTECTED AREA
EL 54/ Rebecca Creek
Sardine Creek
Rebecca Creek
Lady Kathleen Beach
Rebecca Lagoon
Pollys Bay
Templars
Barney Creek
Rachael Creek
STATE FOREST
GRAVEL RESERVE
CROWN LAND
ROAD


TEMMA SHEET 3043 (1998)
AGD 1966 Scale 1: 25,000
EL 54/ Rebecca Creek
CIRCULAR HEAD 44
Rebecca Creek
Rachael Creek
Nelson
STATE FOREST
HEEMSKIRK ROAD

2.1 Regional Geology

The geology of the Rebecca Creek licence area consists of a mixed siltstones, sandstones and carbonaceous mudstones of the Cowrie Siltstone Formation, part of the Rocky Cape Stratotectonic Element.

CRAE Pty Ltd mapped the regional area in 1997 and noted a sequence of northwest striking quartzites, black siltstones with cherts, chloritic siltstones (possibly volcanic tuffs) and black shales in the region. Locally there is pyrite within the sediments and pyritic quartz veins are developed in fault zones.

The Rebecca Creek magnetic anomaly is possibly an iron lode and reported in the literature as a possible dyke-like structure that maybe containing a quartz-carbonate-magnetite-pyrite-garnet-amphibole assemblage similar to that at Nelson Bay River to the north.

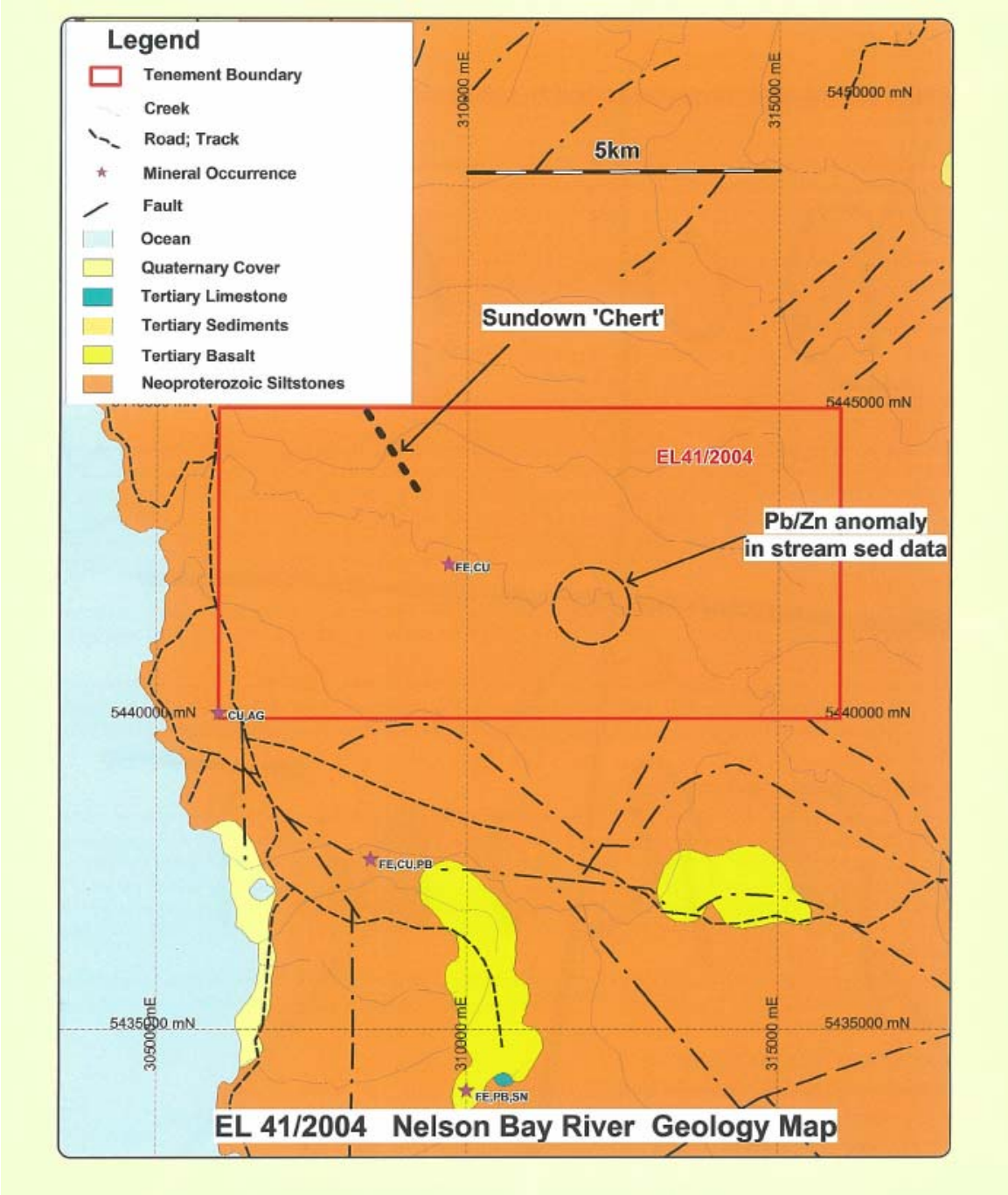
At NBR the airborne magnetic data indicates a slightly more varied picture than the geology map. There is a strong 4km long, stratabound magnetic feature coincident with the NBR iron (and minor copper) occurrence. This occurrence exists close to the boundary between two subtly distinct geological sub-terranes with the join terminating at a north-south striking set of presumed dolerite dykes. This structural setting in combination with the magnetic anomaly and mineral occurrence is considered very prospective. There are additional magnetic features that could indicate mineralization around the licence and to the south such as at Rebecca Creek (see map p13).

There is also a mineral occurrence in the northwest corner of the licence, reported as a silver/copper anomaly with minor gold and arsenic (see map p12).

2.2 Previous Exploration and Mining

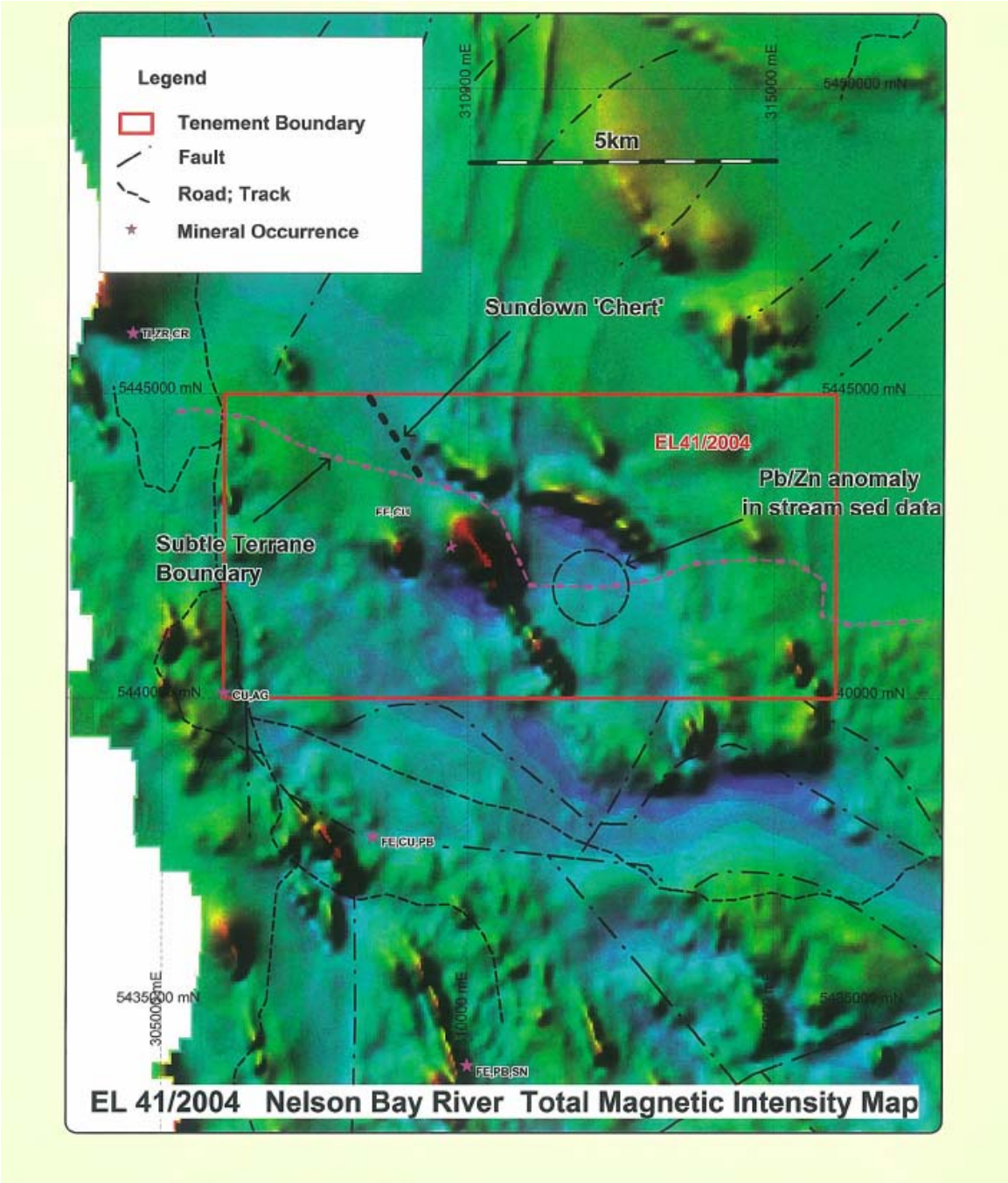
The area (in modern time) was probably looked at by Pickands-Mather (the developer of the Savage River Magnetite Mine in 1966). But their attaraction was to the stronger anomaly at Nelson Bay River where they drill one diamond hole. Geopeko in the mid 1980's carried out field gridding, a ground magnetometer survey rock chip sampling and mapping. Pacific-Nevada in 2000, may also have looked at the area and like others focused attention at NBR where they drilled two diamond holes into the main NBR anomaly and found no gold or base metals of interest. (For details see SMG consultants report appended to the NBR Annual Report Year 1 2006).

GEOLOGICAL MAP



AGD 66 The orange is the Cowrie Siltstone Formation with 2 areas of Tertiary Basalt cover in the centre of the Rebecca Creek EL as above in the lower one third of the map.

ADG 66 MAGNETIC MAP



The Rebecca Creek magnetic anomaly is just left of the red star labeled FECUPB in the bottom 1/3 of the map.

Below is the extract from the Geopecko work in the early 1980s

REBECCA ANOMALY

AMG : 307 800E, 5 437 500N
Photo: F395, R4, 126

This anomaly is situated on Rebecca Creek about 5km NNE of Temma.

Reconnaissance magnetics indicated a narrow, north-west striking anomaly about 1km long. (Figure 11) The strongest response, around 6000nT in the central part of the anomaly corresponds to an outcropping magnetite-quartz-pyrite lode not more than 2-3m in thickness. Analysis of magnetic profile on line 600 South indicates the lode has a near vertical dip.

Much of the area is covered by superficial sands and geological exposure is fairly poor. However, rocks immediately adjacent the lode outcrop consist of pelitic siltstones striking roughly parallel to the lode and dipping at 85° to the north-east. About 15m north east of the lode fine grained laminated quartzite dips at 55° to the north.

Two shallow shafts are developed on the lode outcrop near 600S. Material on the dumps consists of variably oxidized assemblage of magnetite-pyrite-quartz and probable ferromagnesian amphibole mineral.
Pyrite in some cases is well disseminated as fine blebs within magnetie-ferromag but elsewhere occurs as massive pyrite/gossan in association with thick (5-10cm) vughy quartz veins probably superimposed upon the magnetite lode. Strong chloritization of the wall rocks adjacent to the lode is evident in the southern shaft and from loose material on the dumps. Rock chip samples KR 7433 to 7441 are all from this area, mostly from the mullock dumps. These samples contain upto 31.0% iron and are weakly anomalous in copper, lead, manganese, silver and gold. (Respective maxima: 735ppm Cu, 260ppm Pb, 4.1% Mn, 6.8 gm/t Ag and 0.06 gm/t Au) (Refer to Appendix 5.3.)

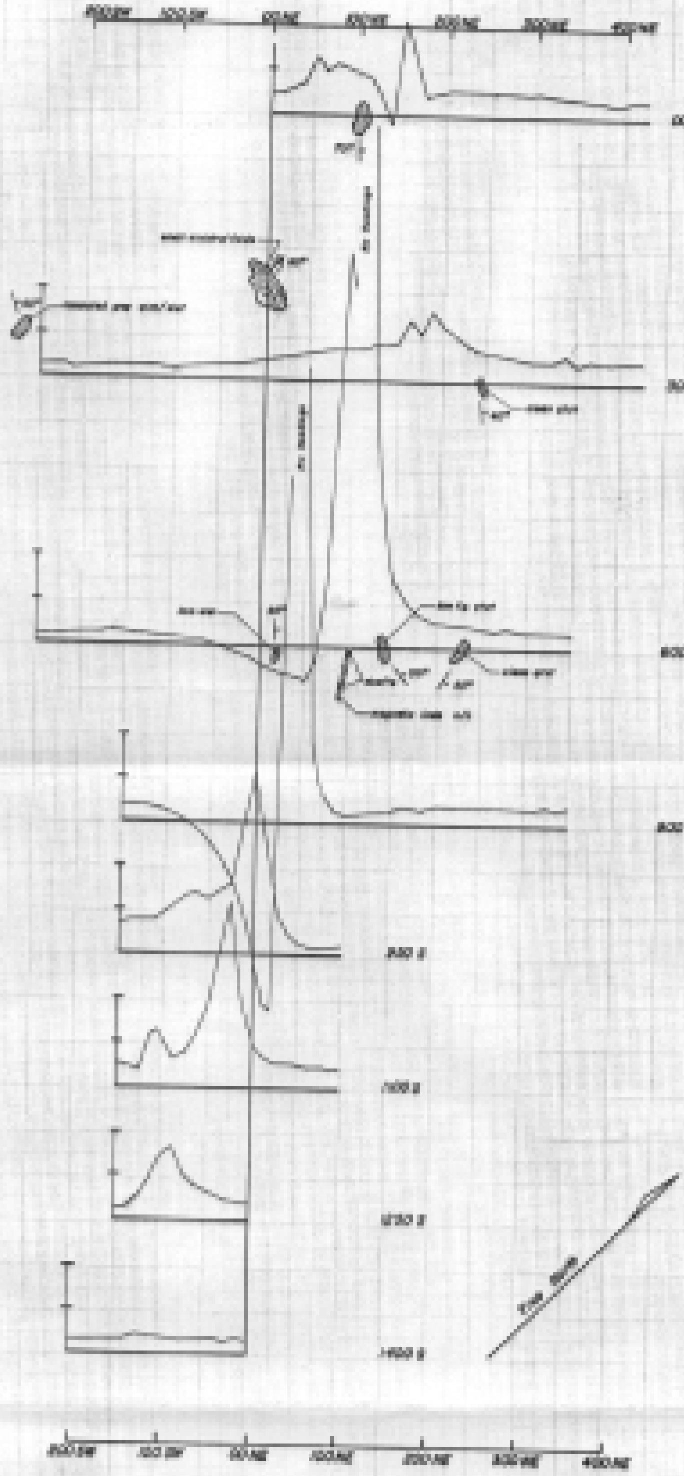


FIGURE 11

REBECCA ANOMALY E.L.1/77

Magnetic Reconnaissance

At present is cannot be said that the magnetic lode is definitely cross cutting with respect to layering of the enclosing siltstones. The magnetic character, mineralogy and wall rock chloritization is similar to other lodes in the field such as Nelson River and Possum Creek. The Rebecca Anomaly has moderate size potential but metal values from the rock chip samples are not particulary inspiring.

Description of rock chip samples (Analyses in Appendix 8.3).

KR 7433 Oxidized Mt. with minor bladed ferromagnesian 5% disseminated Pyrite.

KR 7434 Similar to 7433

KR 7435 Gossanous, pyrite vughy quartz vein.

KR 7436 Spongy gossan after pyrite?

KR 7437 Chloritized psammo-pelitic siltstone, minor disseminated oxidised pyrite

KR 7438 Massive geothite after magnetite? minor relict pyrite.

KR 7439 Massive and veiny magnetite in flinty quartz.

KR 7440 Chloritized pelitic siltstone.

KR 7441 Magnetite, minor pyrite with bladed altered ferromagnesian and quartz.

ANALABS

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Division: Costa, Tasmania

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RESULT SHEET

Tray No.	Sample No.	Cu	Pb	Zn	Fe(%)	Mn	Ag	B	Co	Ni
1 KA	7425	2900	95	20	3.25	105	4.2	[illegible]	54	305
2	26	1800	25	10	5.5	65	9.9	[illegible]	19	171
3	27	385	20	40	7.8	470	1.4	[illegible]	20	152
4	28	615	15	60	6.1	285	2.4	[illegible]	17	96
5	29	140	30	75	5.6	365	3.0	[illegible]	17	71
6	30	5500	15	125	1.20	130	11.4	1	13	130
7	31	1.60%	15	110	2.85	110	24.0	[illegible]	45	188
8	32	100	5	15	0.77	180	1.1	[illegible]	8	56
9	33	170	40	30	25.5	2.60%	0.7	[illegible]	25	36
10	34	375	140	35	21.0	1.45%	1.0	[illegible]	26	34
11	35	735	260	25	16.0	1600	6.8	[illegible]	24	92
12	36	460	95	15	19.5	515	3.2	[illegible]	19	81
13	37	55	25	40	7.2	1250	0.8	[illegible]	16	54
14	38	185	65	35	31.0	4.1%	0.6	[illegible]	24	35
15	39	65	45	15	16.5	630	0.7	[illegible]	19	145
16	40	400	250	170	14.5	2400	0.7	[illegible]	19	55
17 KA	7441	560	80	30	11.5	1.30%	1.0	[illegible]	22	114
18										
19										

Note the Fe column in the centre with the assays for the rocks On the previous page. Best result was sample 7435 at 31.00% Fe and described as a gossanous, vughy quartz vein.

3 Current Exploration (summary) 18

It is clear from the Geopecko work that the area held little interest to them as the target was base metals and for Pacific Nevada it was gold.

Shree took out the EL for the coverage of this area in case it was of interest from an iron ore point of view.

Because of the good results coming out of the Nelson Bay River area, this Rebecca Creek area has received minimal attention.

The site was visited in the current year to try to find any surface out crop and the possible peak of the magnetic anomaly. On the short time spent on site (cut very short by the extreme cold wet and very strong winds on the day visited). The remnants of the on ground were thought to be found but this was not confirmed on the day.

3.1 Literature Review

The company commissioned a very comprehensive data compilation and study with a recommended exploration program and this report by Simon Tear of SMG Consultants 2005 was appended to the Year 1 Annual Report on Nelson Bay River 2006 The report was mainly aimed at Nelson Bay River but Rebecca Creek is included because of its proximity.

A further literature source is the major report of 1982 covering the 1981 work of CRA Exploration Pty Ltd in the area. The extract on Rebecca Creek is copied above.

3.2 Regional Exploration Activities

In 2005 the company conducted 3 reconnaissance field trips to the area.

The area was first visited on a regional reconnaissance basis in July 2005 when local logistics were recorded for future reference and use.

A follow up field visit period followed in November 2005 and resulted in the consultant's major literature study and an estimate of the ore resource at NBR as 4Mt at 40% iron (ASX release 24 November 2005).

Other Regional exploration included a partial traverse of the Nelson Bay River in the area near the magnetite resource. The purpose was topography familiarity, confirmation of the mapped geology, and general prospecting. The prospect and environs were surveyed.

A field trip was made in November 2008 visiting the site of the Rebecca Creek Magnetic Anomaly for an orientation survey for future field work. A cursory visit was made to the fishing village of Temma and environs at the same time.

3.3 Prospect-based Exploration Activities. 19

For pre 2008 notes see previous sections

2008

In this year the ownership of the EL went to Shree Minerals Ltd. At this time a renewed vigor was applied to exploration at Nelson Bay River. However the intention of concerted exploration at NBR did not overflow to Rebecca Creek as intented owing to the general financial crisis which broke out in 2008.

The Manager of the Rebecca Creek Station was met and she took us to the general area of the heath/bush just south of the actual creek. She did not know where the working were.

An attempt was made to re establish the location of the 1980s Geopecko grid and this was partially successful being more difficult than first thought., because of the bush regeneration.

The old shaft & workings were not located on this trip, partly owing to thich low lying bush regeneration and the severe weather conditions on the day being wet very windy and cold; not condusive to an extended stay on the day on site there.

Some rock samples were inspected from the minor out crop on one small rise visited. The rocks seen were fine grained silicious light grey to off white siltstone of the general Mapped country rock of the area; the Cowrie Siltstone Formation.

It was proposed to revisit the area at a later date, to reestablish the grid and conduct a surface magnetometer using a Geometrics Cesium Vapor G859 constant reader.

This survey was meant to be carried out following the ground survey at Nelson Bay River, but owing to timing and other factors this was not carried out.

2009

During this calendar year there was no site visit to the EL owing to the higher priorities and attention spent at the main prospect at Nelson Bay River.

4 Discussion of Results

Year 1

There was no field work within the EL area other than a reconnaissance visit to the station and outcrop at/near the airborne/ground magnetic anomaly of Geopeko of 1981.

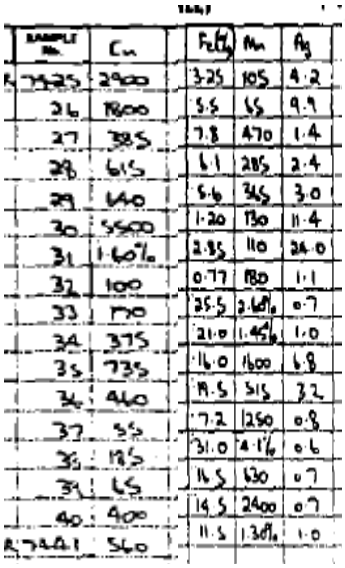
The area had substantial regrowth of low lying but thick coastal heath.
The old grid was only partially found.
The old workings/shaft/pyrite mineralized rock were not found on the day of the field visit. This is mainly owing to the lack of time spent in the area being on that afternoon very cold wet and extremely windy. The “Roaring 40’s” personified.

Therefore there were no rock samples taken & assayed as those found were merely uninteresting Cowrie Formation finegrained light grey hard siliceous siltstones typical of the country rock of the area.

Assay Results

There is one set of assay results presented above.

The **Geopecko rock chip sampling of 1981**.



	Cu	Fe%	Mn	Ag
7435	2900	3.25	105	4.2
36	1800	5.5	55	9.9
37	385	7.8	470	1.4
38	615	6.1	285	2.4
39	640	5.6	345	3.0
30	5500	1.20	130	11.4
31	1.60%	2.85	110	24.0
32	100	0.77	180	1.1
33	170	25.5	2.68%	0.7
34	375	21.0	1.46%	1.0
35	735	16.0	1600	6.8
36	440	19.5	515	3.2
37	55	7.2	1250	0.8
38	195	31.0	4.1%	0.6
39	65	16.5	630	0.7
40	400	14.5	2400	0.7
7441	560	11.5	1.36%	1.0

Description of rock chip samples (Analyses in Appendix 8.3).

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KR 7439 Massive and veiny magnetite in flinty quartz.

KR 7440 Chloritized pelitic siltstone.

KR 7441 Magnetite, minor pyrite with bladed altered ferromagnesian and quartz.

The bottom half of the table at left (from 7433 to the bottom at 7441) are the assay results for Copper (Cu) on the right Silver (Ag) both indicative for base metals.

It is noticed that from 7433 to 7441 the copper levels range from 55 to 735 ppm just above background with the highest being a “ gossanous, pyrite quartz vein” and also;

The silver result ranges from 0.6 to 6.8g/t mostly at background levels however the spot high is a result for sample 7436 a “gossanous, pyrite vughy quartz vein.” Ie a remnant mineralized rock sample.

These results are indicative of minor mineralization being present somewhere from a quartz vein source. At NBR there is quartz with pyrite mineralization in core recovered in intersections from the drilling of the magnetite dyke.

The relatively weak anomalism and low levels of base metal mineralization apparently being the target, with no support from gold or tin, led rise to the lack of further interest by Geopecko in 1981 and probably Pacific-Nevada in 2000.

Iron mineralization was not a perceived target for these companies and there was a range reported as 7.2% to 31.0% the later being reported as (7438) “Massive goethite after magnetite? Minor relic pyrite.”

These samples 7438 and 7439 were not of interest to Geopecko or Pacific-Nevada as they were focused on base metals and gold respectively.

Shree Minerals Ltd is interested in this assay as it is indicative (although weak examples) of the presence or iron mineralization,

5 Conclusions 22

The initial 2005 regional reconnaissance of the area was very useful for the follow up work that was carried out.

The follow up reconnaissance field visit of 2008 was also useful for orientation purposes as some remnants of the Geopecko 1981 grid were found.

This old grid could be refurbished and used as a base to re do another ground magnetometer survey using the modern Geometrics G859 cesium vapor constant reading unit or similar. The newly cut grid would facilitate the on ground exposure of the past rock samples of geopecko and the on ground location of the magnetic anomaly.

These would result in highly influential data for the purpose of the location and direction of an initial exploration diamond drill hole.

Furthermore the rest of the EL area could be explored for other mineralization.

For these reasons it is recommended the EL 54/2008 be renewed.

6 Environment 23

There has been no ground disturbance of any description in the EL in the reporting period therefore no rehabilitation work need be carried out.

7 Expenditure

Expenditure on the EL has been minimal owing to lack of work
Geology related costs estimated at $ 1 000
Acquisition, Legal, Administration costs estimated at $ 1 000

Total spent in the 2008-2009 is estimated at $ 2 000

:

8 References

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82_1721
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