

Shree Minerals Ltd

EL 42/2008 Mt Sorell

ANNUAL REPORT

For the period 18th November 2009 to 18th November 2010

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ABSTRACT

In the Second year of tenure, The EL was transferred from I A C G Pty Ltd to Shree Minerals Ltd. Exploration has focused on data compilation and the review of previous exploration. The company was not able to conduct any field work because of severe time constraints related to the transfer of the tenement to Shree. Associated issues resulting in slow progress include a combination of a step by step program operation within a limited (summer) weather window, lack of land access (ie requiring costly helicopter support) and limited availability and willingness of experienced staff to camp out under difficult conditions. Considering these issues, the company decided to conserve available funds and redirect them to exploration on projects the company considered more advanced with a higher priority success ranking.

Previous geophysics interpretation eliminated the conductive point source anomaly, high up on the flanks of Mt Sorell. No bedrock conductor is likely and it has been shown to be a calibration error with the instrumentation. The geophysics report (2005) also provided no support for any shallow conductive body coincident with the zinc anomalism delineated by a previous soil geochemistry programme.

In the second year of the Zelos tenure (2006) exploration focused on the completion of the grid which comprised a total of 21 cross lines of 500m length, spaced at 100m along a 2km long N-S baseline. In addition the 'ground truthing' of airborne electromagnetic anomalies was carried out. Geochemical stream and rock sampling in the environs of three discrete airborne EM anomalies returned poor results.

Shree Minerals will re assess known potential drill targets once field work is re commenced, following digital data compilation and subsequent further review.

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INTRODUCTION

Shree Minerals Ltd holds the 10km² Mt Sorell tenement located 20km south of the Queenstown in Western Tasmania, as EL42/2008 (Figures 1 & 2).

This Second Annual Report notes that no field exploration took place within the second year, from 18th November 2009 to the 18th of November 2010. However all available data was reviewed and contact was established with contractors providing various services. Results of previous explorers recent exploration work completed on Exploration Licence 42/2008 – Mt Sorell are reviewed herein.



Figure 1: Mt Sorell (EL42/2008) location

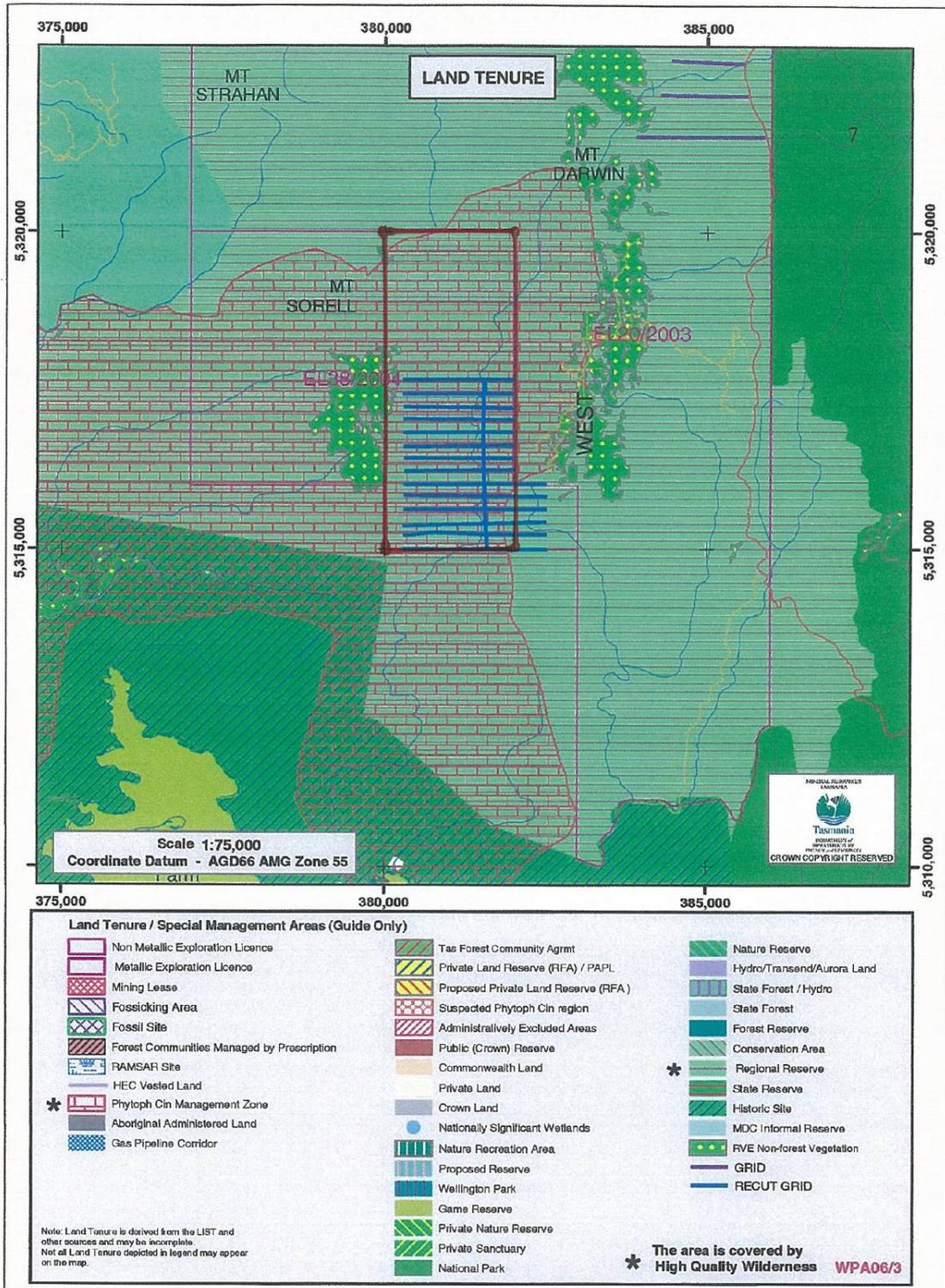


Figure 2: Land tenure map and re-cut grid

EXPLORATION RATIONALE

The tenement, lying within the Clark Valley to the east of Mt Sorell, is underlain by Cambrian rocks assigned to the Central Volcanic Complex and the 'Western Sequence' of the Mount Read Volcanics (Figure 3). This plus the overlying Tyndall Group are considered prospective for both base metals and gold.

The primary target has been the further delineation and characterization of an existing, but poorly defined, linear zone of zinc anomalism with similar geochemistry to the Hellyer VHMS deposit. A subsidiary target is the equivalent of the Lynchford Formation – a prospective horizon at the contact of the Western Sequence and Tyndall Group.

Two commodity/genetic targets exist in the licence area.

- A. Syngenetic, VHMS, Pb/Zn in the Clarke valley and
- B. Epigenetic, Henty style Au mineralisation hosted by the Tyndall Group units on the flanks of Mt Sorell

A. Aberfoyle Ltd held the EL in the 1990's; that company's primary aim being to investigate the zinc in soil anomalism delineated by 5 grid lines, spaced 400 metres apart. The company did no further work, choosing instead to focus on area's close to the Hellyer mine.

More recently the EL was held by Gujarat Resources NL, who reconstructed/re-cut the Aberfoyle grid as stage one of their 2005/6 work program, which also included further 100m spaced infill line cutting.

The subsequent second stage field work aiming to complete the gridding and also carry out soil sampling, geological mapping and possibly ground geophysics was noted completed because of corporate reasons.

B. At the completion of the BHP/RGC work programme in the 1980's, Wally Herrmann from CODES was engaged to write an independent document reviewing the exploration work to date. This was intended as a guide to further work prior to relinquishment. Herrmann noted that moderate potential exists for VHMS deposits at the base of the Tyndall Group, with this favorable horizon (The Lynchford Formation) hosting such mineralisation at Comstock and the low sulphidation epithermal deposit at Henty. This favourable stratigraphy extends south of the Garfield valley, over Slate Spur and into the upper Clarke Valley, east of Mt Sorell where it is obscured by Quaternary cover. This Quaternary cover is elongate in form and mimics the district strike of the underlying quartz felspar porphyries. Tear in Zinico's 2005 prospectus, noted that the overburden was more conductive than the surrounding units and warranted further investigation.

REVIEW OF PREVIOUS WORK

The area has been subject to comprehensive and systematic modern exploration. In particular it is readily apparent that the Garfield – Clarke valley area has been subject to methodical and thorough exploration for a period of nearly 20 years. Prior to the 1980's most exploration was focused to the north where access was easier. The Mt Jukes road, as part of the King River Power scheme, provided the impetus for the recent work which culminated in the discovery of the Garfield resource, which is analogous to the Prince Lyell ore body. Previous explorers included Mount Lyell, BHP, EZ, and RGC.

As part of the exploration programme in the Garfield valley, BHP extended the grid southwards into the Clarke valley. The survey covered the Central Volcanic Complex felsic volcanics on the western side of the Mt Darwin ridge and the adjacent overlying

Yolande River sequence correlates to the west. The entire grid, for a strike length of 10km's was mapped, rock sampled and subject to a UTEM survey. No conductors attributable to massive sulphides were noted. Any weak surficial signals were attributed to black shale units.

During the period 1990-1993, RGC conducted a substantial body of work, primarily drilling out the Garfield resource to the north of Slate Spur. Additional soil/rock geochemistry and grid based mapping was undertaken in the Clarke Valley, however no drilling targets were delineated.

Aberfoyle became the tenement holders for a brief period in 1995, conducting a helimag survey of the Clarke valley. The survey defined a magnetic zone within the Central Volcanic Complex, trending north and south of the Clarke Fault. The helimag data was not processed beyond an initial assessment and is not reported upon by McNeil in his relinquishment report. Up until the Gujarat tenure, there had been no further interpretation of this data. An 'In House' reconstruction by Aberfoyle of previous soil geochemistry conducted by RGC, defined an elongate zone of zinc anomalism.

Aberfoyle- concluded: "A review of previous mapping, soil geochemistry and IP data indicates that a 50-100m thick black shale unit is present at the base of the Western Sequence from 15600N to 17000N and marks the transition from felsic phyric to quartz-feldspar phyric volcanics. Five soil geochemical samples over a strike length of 1000m define a distinctive soil geochemical unit within this shale sequence. The five samples are characterised by high Fe₂O₃ (av.17.8%), Ti (8500ppm), P₂O₅ (90.4ppm), V (374ppm) and Co (30ppm). High Ti/Zr (32.9) and moderate P₂O₅/TiO₂ (0.30) suggest this may be a geochemical Suite II type andesite or basalt."- Lewis 1996. This zone was seen as a potential Hellyer analogue.

The proposed program to test this zone included additional line cutting to extend the BHP gridding, ground EM, and the use of 'whacker' sampling to penetrate the thick overlying soil mantle.

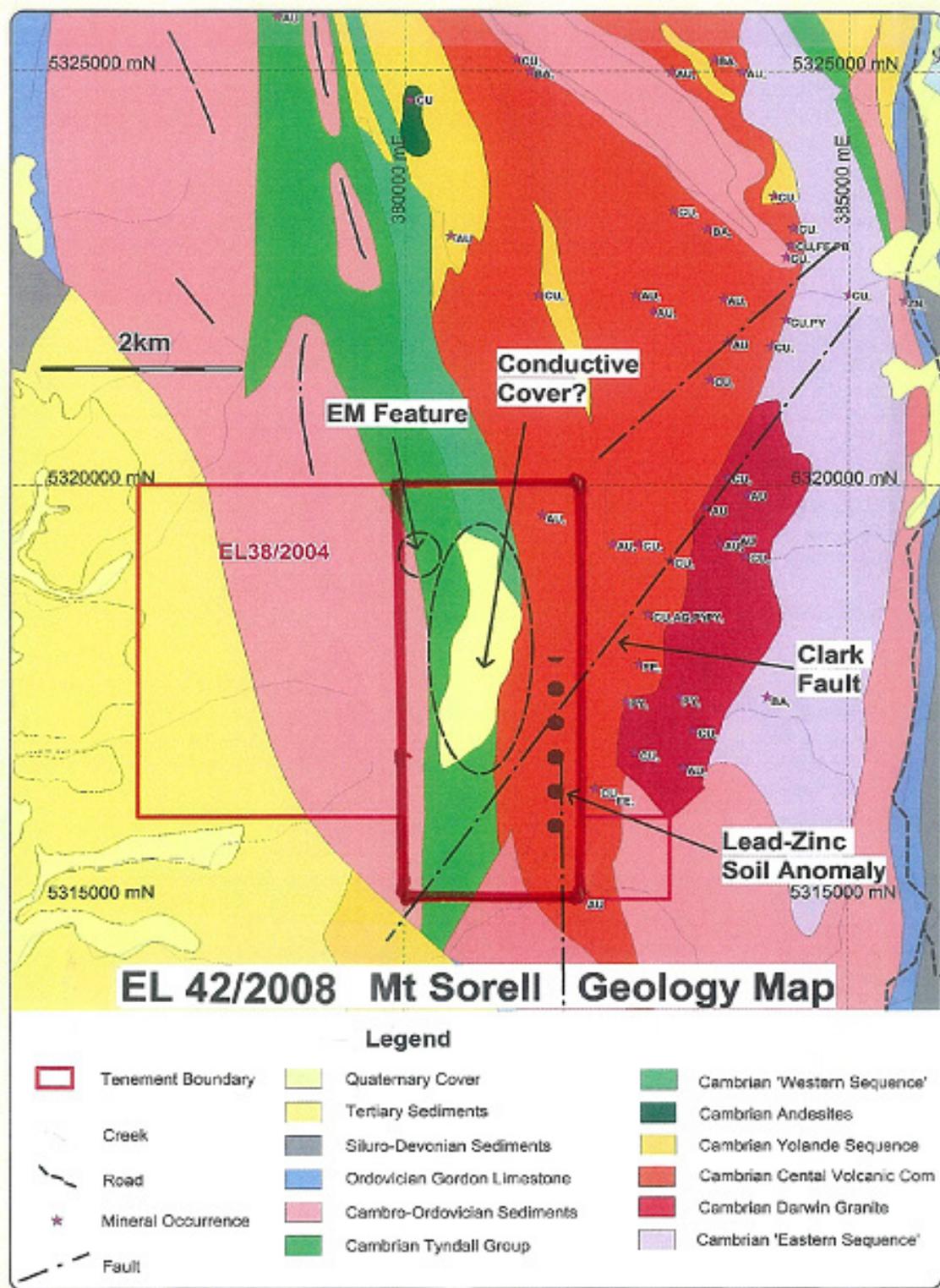


Figure 3: Mt Sorell (EL42/2008) Geology Map

EXPLORATION WORK COMPLETED

Initial work undertaken was a literature review and the subsequent compilation and evaluation of data. This has been in written form rather than in a digital format. This review concentrated on the work by previous explorers conducted during the period 1988- 2007. There has been no field work carried out in the current year to November 2010.

In the three year period to 2007 there have been three fieldwork visits to the EL. The first was to re establish the previous (1995) baseline and grid, the second several geological reconnaissance excursions and the third to complete the grid.

The first geology field trip was helicopter supported and involved a flyby of the Mt Sorell massif to try to observe if there was any artificial reason (airplane crash etc) for geophysical EM anomaly D. This anomaly has subsequently been identified as owing to incorrect calibration of the recording device.

The second geology excursion was also helicopter supported to identify potential drill site locations for shallow scout drilling the conductive overburden anomalous zone covering the Lynchford Formation east of Mt Sorell in the upper Clarke Valley. Two good sites for drilling were identified and also a previously used (RGC?) camp site.

The third geology excursion was on foot to ground truth the three other EM anomalies. The results were reported in Appendix 3, p 40 & 41 of the Year 1 Annual Report by Zelos Resources NL November 2006.

The primary focus in the initial field season was the re-establishment of the Goldfields grid in the middle section of the tenement. At UTM 0381576E / 53 15499N; an existing Goldfields helipad was located, re-cut and utilised as a campsite with a small metal demountable garden shed used as shelter hut. This occurred during the reporting period to the end of February 2006, during the tenure of Zelos Resources NL.

During the summer of 2006, the baseline of some 2.0 km was recut and pegged, and in addition a further 9.5 cross lines of 500m were cut along with an access track of 1km (for emergency purposes) leading to the Mt Darwin plateau area, for a total of 7.5km of cut line. This approximated about half of the required grid needed to be cut for the proposed soil sampling programme to be carried out in October 2007.

At the end of this line cutting exercise, ground traverses were made to investigate geophysical EM anomalies A, B, C. Stream sediments and rock chips were taken and results were not encouraging (see Appendix 2 p36 and Appendix 3 p40 of the Zelos Report noted above).

In October 2006, a third fieldwork programme of line cutting was carried out and completed. This comprised a further 11 cross lines of 500m for a sub total of 5.5km of cut line. Thus a total

grid of 2km of N-S baseline and 21 cross lines of 500m for a total distance of 12.5km of cut line plus 1km of emergency exit track was completed (See Figure 2 & 4 and Photos appended).

This grid was to be the base for a comprehensive soil sampling programme and geological mapping which was to be started in the north on the new grid cut in February and carried out in a southerly direction concurrent to the grid cutting and catching up with the completion of the newly cut grid in the south. Possible ground geophysics based on the results of the geochemistry would have followed in late summer.

This sampling program was not carried out as the Gujarat NRE Resources NL company decided to conserve its funds for exploration on other projects that had a higher priority at that time. The sampling programme was postponed until March 2007 with the field team again organized when a corporate decision was made to spend no further funds on the EL and do so on other projects with a higher priority ranking.

The Gujarat NRE Resources NL company therefore then decided to relinquish the area.

The current tenement holder took up the EL in 2008 in a smaller size for the purpose of carrying out this geochem/geophysics survey, but owing to time constraints of the short summer field season and lack of time and appropriate personal at short notice this had to be postponed until more favorable conditions prevailed.

Consultant geophysicist Nigel Hungerford, was engaged in 2005 for Zelos, to reprocess and re-interpret all existing geophysical data collected by a combination of government organisations and previous explorers. This summary document assesses data from ground and airborne EM, plus airborne magnetic surveys. (See Appendix 1 p27; Zelos Resources NL AR Y1 March 2006)

It was hoped that future soil sampling results in the Zn anomaly area could lead to the firming up of drill targets. In addition, the prospective Lynchford Formation in conjunction with the conductive overburden, has been assessed with a view to a small three hole programme of reconnaissance 'wild cat' drilling. The reasoning for this approach is that the area of interest is a series of colluvial fans flanking Mt Sorell that obscure any meaningful geochemistry from previous soil sampling programmes. An assessment of logistics was made at each of the three proposed collar locations. Two were selected.

During the then reporting period to March 2006, the Zelos company decided to go ahead with this scout drilling but the late start to the project, with further time elapse owing to MRT permitting, contracting a suitable drilling company and other logistics etc meant that the late summer weather window was no longer available and this short drilling project was postponed to later in the year to be carried out in October 2006 in conjunction with the completion of the grid and soil sampling in the Zn anomaly area.

For reasons already stated this was not carried out. Shree Minerals will re assess these drill targets once field work is re commenced, following digital data compilation and further review.

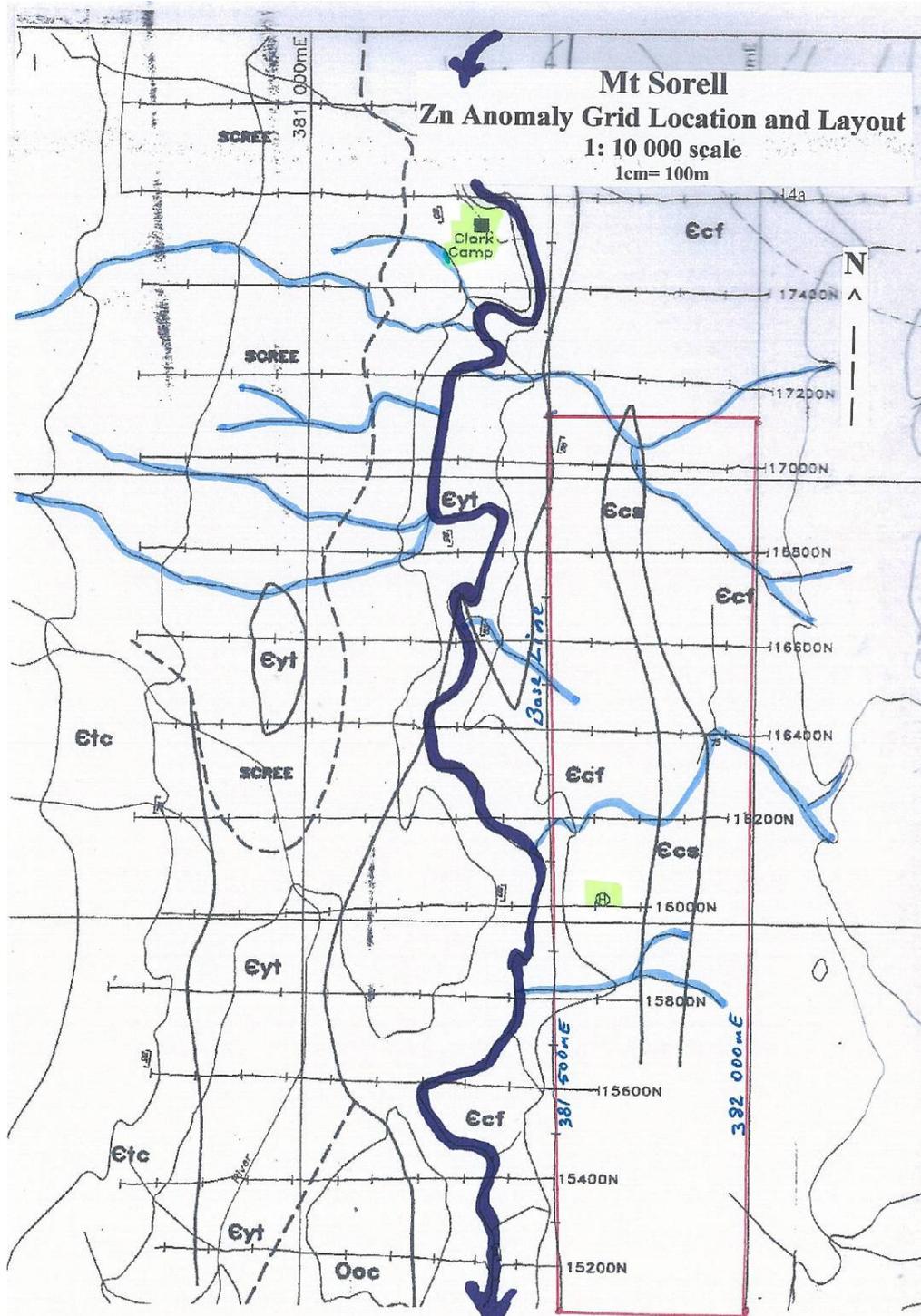


Figure 4: Zn Soil Anomaly, Grid Location and Layout

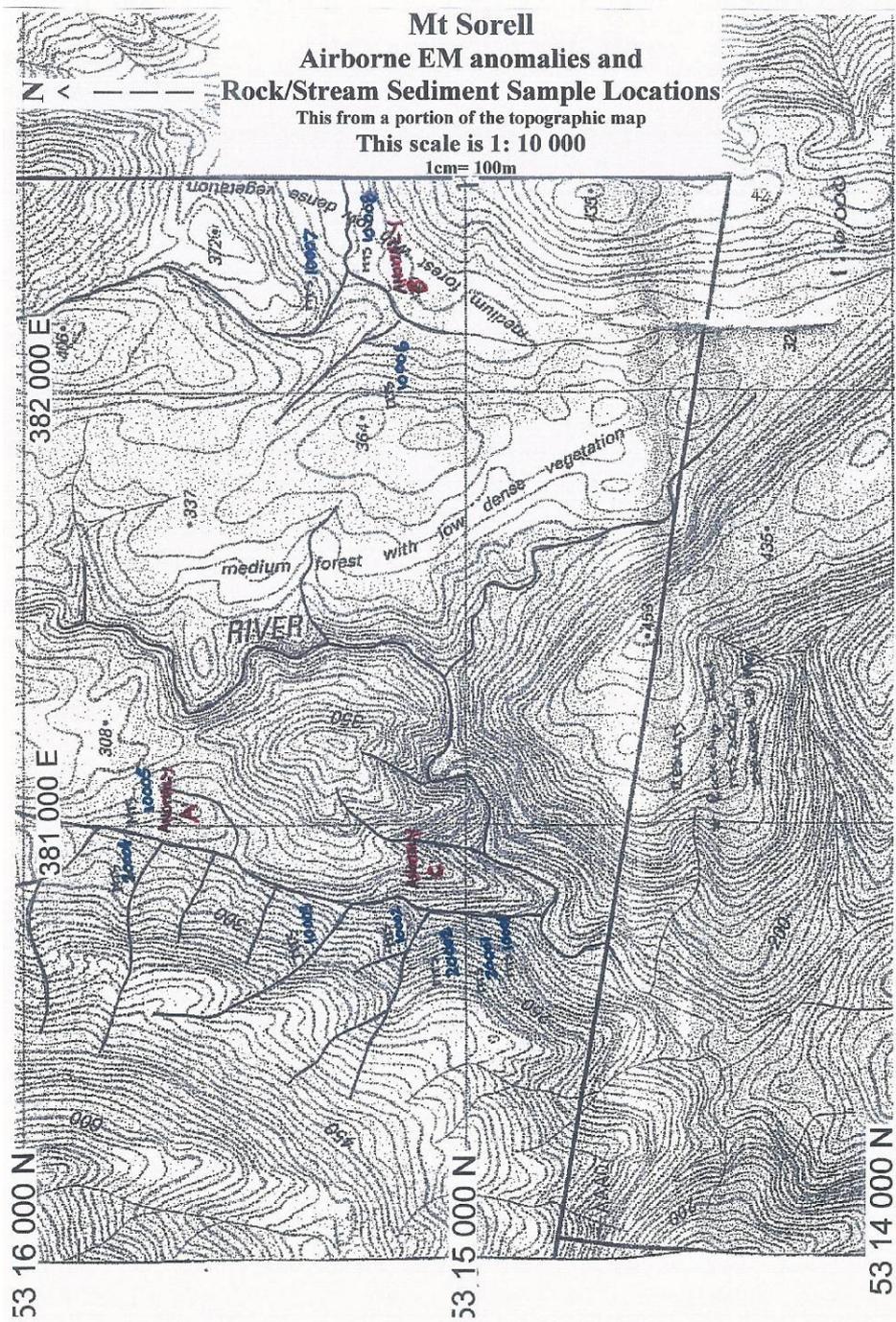


Figure 5: Airborne EM anomalies and rock/stream sediment sample locations

DISCUSSION AND CONCLUSION

Line cutting completed in preparation for soil sampling comprised a 2.1km baseline with 11kms of 500 meter long grid lines. (See Figure 4)

Hungerford concluded that the strong isolated airbourne EM conductor on the flanks of Mt Sorell, which was the focus of BHP's initial interest, is likely to be an artefact of poor data collection.

Hungerford also indicates that the zinc anomaly, which is the focus of the completed cut grid, is not supported by any co-incident airborne EM conductor. A linear magnetic high is partly coincident with the zinc anomalism and is thought to represent a mafic volcanic unit within the host shales.

Three discrete EM responses were recorded within both the Yolande River sequence and the Central Volcanic Complex (See Figure 5). 'Ground truthing' by way of reconnaissance stream sediment sampling and minor rock sampling was undertaken in drainages in the vicinity of each of these anomalies and returned poor results. Best gold reported was 20ppb, best copper 60ppm, best Pb 105ppm, best Zn 145ppm. For details see p36-39 of the Amdel Geochem assay results May 2006, reported in the Gujarat Final Report March 2007.

The area of zinc anomalism, previously defined by Aberfoyle, has been gridded at 100m line spacing in preparation for soil sampling and if results are warranted, ground geophysics. If these prove positive then targets will be selected for drilling.

The three discrete airborne EM responses, highlighted in the Hungerford Summary document, have been tested and no further investigation is warranted.

The spot high noted in the MRT airborne data has now been discounted.

The prospective Lynchford Formation and its attendant conductive Quaternary overburden remains untested. This remains a potential drill target.

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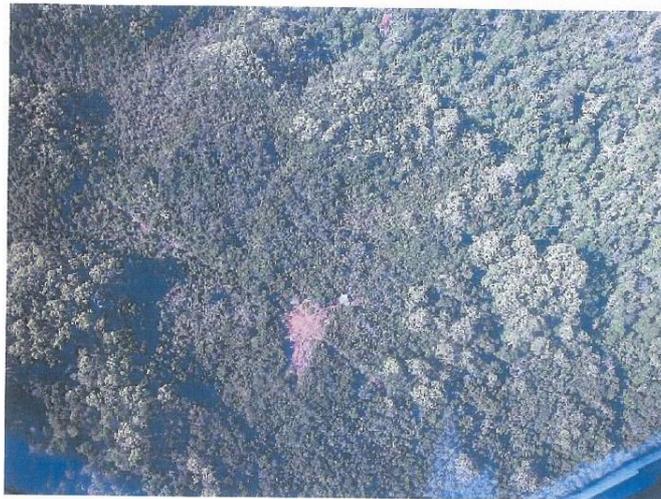
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APPENDIX – Photos



Squirrel Helicopter

Picking up field crew in the Clark Valley



Base line and camp site and storage shed

in the Clark Valley



**Base line of the grid
in the Clark Valley**