SHREE MINERALSLIMITED
ACN 130 618 683

ANNUAL REPORT FORTHE PERIOD 1.03.2010 to 28.02.2011
SULPHIDE CREEK - EL43/2004 -

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SUMMARY

SUMMARY

The Sulphide Creek tenement (EL43/2004) is located 5 km south west of Queenstown in the west coast of Tasmania. The lease area contains three main prospects namely: Coupon, Anomalies 24-28 and the Davie.
The Davie Prospect is considered to be the best among the three. The Davie Prospect is located on a north south lineation. Past explorers have taken soil and rock chip samples, geologically mapped the area and demarcated gold/arsenic anomalous soil zones in the area.

Exploration
The Sulphide Creek tenement covers a major North-West trending fault; known as the Harvey Creek Fault, which has been considered by geoscientists as a conduit for remobilisation of gold bearing fluids in the area. This view is strengthen by the detection of gold values in geochemical sampling in a linear trend associated with this fault at prospects like the Woody Hill, Davie, Anomalies 24-28, Coupon and Rinadeena.

Shree's exploration focus has been on the Davie Prospect with the aim to delineate an economically viable gold resource; highly attractive in the present market.

Todate 741.3 m of diamond drilling comprising 5 drillholes has been carried out at the Prospect. During 2009/10, 2 diamond drill holes for 391 m were drilled. This drilling has proved the existence of gold mineralisation to greater than 180 m depth (see table below) from the natural surface and remains open along strike and at depth.

Table showing Davie Prospect Significant Gold Intersections

Hole ID	**Location (m)**			**Gold Grade g/t**
	From	**To**	**Interval (m)**	
SCDDH4	19.00	37.50	18.5	0.50
Includes	**25.00**	**34.50**	**9.5**	**0.66**
	31.50	**34.50**	**3**	**1.26**
SCDDH5	37.00	51.00	14	0.52
	159.00	169.00	10.00	0.83
Includes	**164.00**	**167.00**	**3.00**	**1.29**
	181.00	183.00	2.00	0.60

In addition to drilling related work, the Company has commissioned Hallman & Schofield to carry out data compilation and a review of area potential. The report was delivered in the third week of January and thus study findings will be examined later in the year.

Outlook

The work todate suggests that the tenement is prospective for reasonable size gold resources at depth. However, in view of the rugged terrain, poor access, thick vegetation cover and limited reliable information on geology (especially stratigraphy), an indepth study of information cited in Hallman & Schofield report along with field visits and discussions with experienced geoscietists on the Western Tasmanian geology is recommended before venturing for further drilling. Based on the findings of this study future exploration work will be planned.

1. INTRODUCTION

The geological setting of Sulphide Creek tenement (EL43/2004) is considered prospective for structurally controlled gold mineralisation, similar to that occurring at the Henty Gold Mine. Accordingly, Shree Minerals Limited (the Company) acquired the tenement from Gujarat NRE Minerals Limited in May 2008. The tenement covers an area of 14 km^2.

This report summaries the work performed from 1 March 2010 to 28 February 2011; details are given in Appendices I - III.

2. AIM

To explore for economic gold resources.

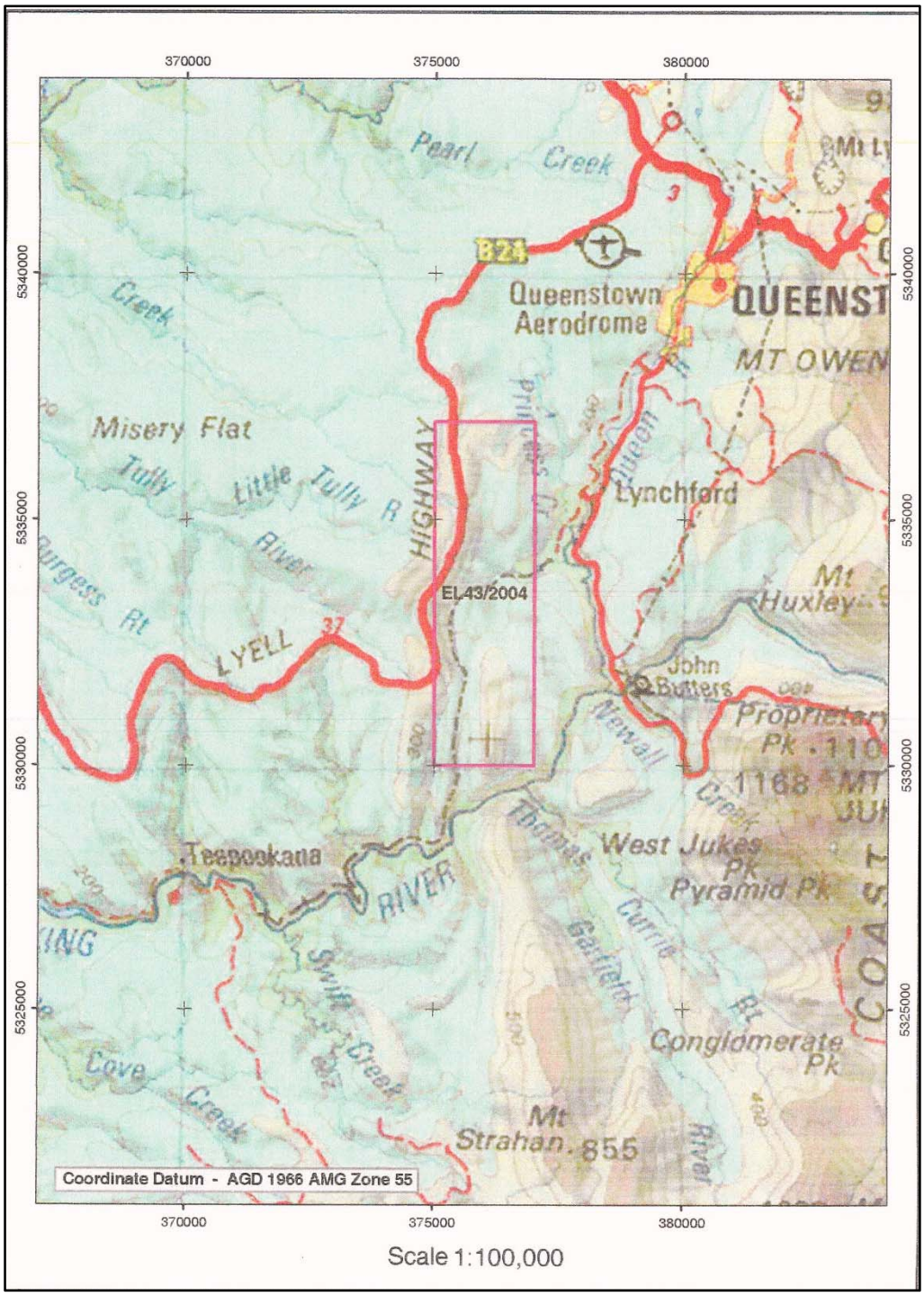
3. LOCATION AND ACCESS

The tenement is located in the vicinity of Sulphide Creek; 5 km South West of of Queenstown, West Tasmania.

From Hobart the tenement can be accessed by road to Queenstown via the Lyell Highway (260 km) or via the Murchison Highway, extending south from Burnie (176 km) and there on another 5 km south west to the tenement (Figure 1).

The other access to the tenement from Queenstown is by the West Coast Wilderness Railway (erstwhile the Mt Lyell Mining and Railway Co Ltd., railway), which enters the tenement about half way along the eastern boundary, near Bradshaw's Timber Mill, and then heads south for about half the Exploration Licence. The Company has permission for access between Bradshaw's Mill and the Halls Creek Siding. The topography of the tenement is deeply incised therefore rugged and is covered with thick forest, making access tracks clearance difficult.

(Note: The Wilderness Railway runs twice each day and three times in high summer. The Company has permission for limited access and use of the section between Bradshaw's Mill and the Halls Creek Siding.)



Source: MRT

Figure 1: Tenement (EL43/2004) location and acess

4. TENEMENT STATUS

The tenement EL43/2004 (Figures 1) was granted to Zinico NL on 1 March 2005 for 5 years with expiry on 28 February 2010. The Gujarat NRE Minerals Limited acquired the tenement from the Zinico NL., in January 2008 and in May 2008 sold to the Shree Minerals Limited. The tenement covers an area of 14 km^2.

The coordinate datum for the licence is based on AGD 1966, AMG Zone 55.
The tenement boundary points are defined as follows:

Commencing at the north west corner at grid coordinates 375 000 mE/5 337 000 m N thence grid east to 377,000 m E grid south to 5,330,000 m N grid west to 375,000 m E aforesaid thence grid north to the point of commencement.

5. GEOLOGICAL SETTING

5.1. Regional Geology

Regionally the Exploration Licence (EL) 43/200 is located on the eastern margin of the Henty Basin.

The Henty Basin is composed of Palaeozoic sediments and covers an area of 250 km^2 from west to south west of Queenstown, Western Tasmania. The stratigraphy column of the region consists of Denison Group conglomerates and sandstones overlain by Gordon Group limestones, mudstones and shales. The Gordon Group, possibly, is transitional with the over lying Eldon Group shales, quartzites and siltstones. The stratigraphic column is generally 3,000 to 4,000 m thick.

The basin margins are strongly faulted by the Firewood Siding Fault to the north, Teepookana Fault to the south and Harvey Creek Fault to the east. The Harvey Creek Fault, which traverses the tenement along its length is a geological enigma and may reflect a zone of a series of faults along a subsiding basin margin or an offset/detachment fault of either the Firewood Siding Fault or the Great Lyell Fault, which are in close proximity and appear to be older than the Harvey Creek Fault.

The Henty Basin is underlain by Mount Read volcanics which outcrop to the north, east and south east, and has suffered two periods of folding. The first period of folding produced a series of upright north west trending folds with 30°NW plunge, whereas the second event produced shallow west, north west trending folds.

5.2. Local Geology

The geology of the tenement and environs is complex and poorly undestood. The area lacks good outcrops and marker horizon(s). The tenement is underlain by a N-S striking sequence of Paleozoic sediments (Figure 2), regionally dipping west.

The western part of the tenement is underlain by Devonian Bell Shales and Florence Quartzites, and the eastern part by Silurian and upper Ordovician sediments, mainly quartzites, shales and limestone of the Rinadeena and Crotty Formations. A sliver of Cambrian Tyndall Group felsic volcaniclastics occurs in the south east sector.

The structural setting at the licence is complicated with seemingly numerous faults. A major north-south striking fault, the Harvey Creek Fault, with sinistral movement passes through, more or less, the middle of the tenement (Figure 2). The three known prospective gold areas in the tenement; Coupon, Anomalies 24- 28 and the Davie Prospect, occur in close proximity to the Harvey Creek Fault with the Coupon prospect hosted by the Ordovician siliclastics and carbonates. The Tyndall group unit appears to follow an inferred splay fault in the direction of the Harvey Creek Fault.

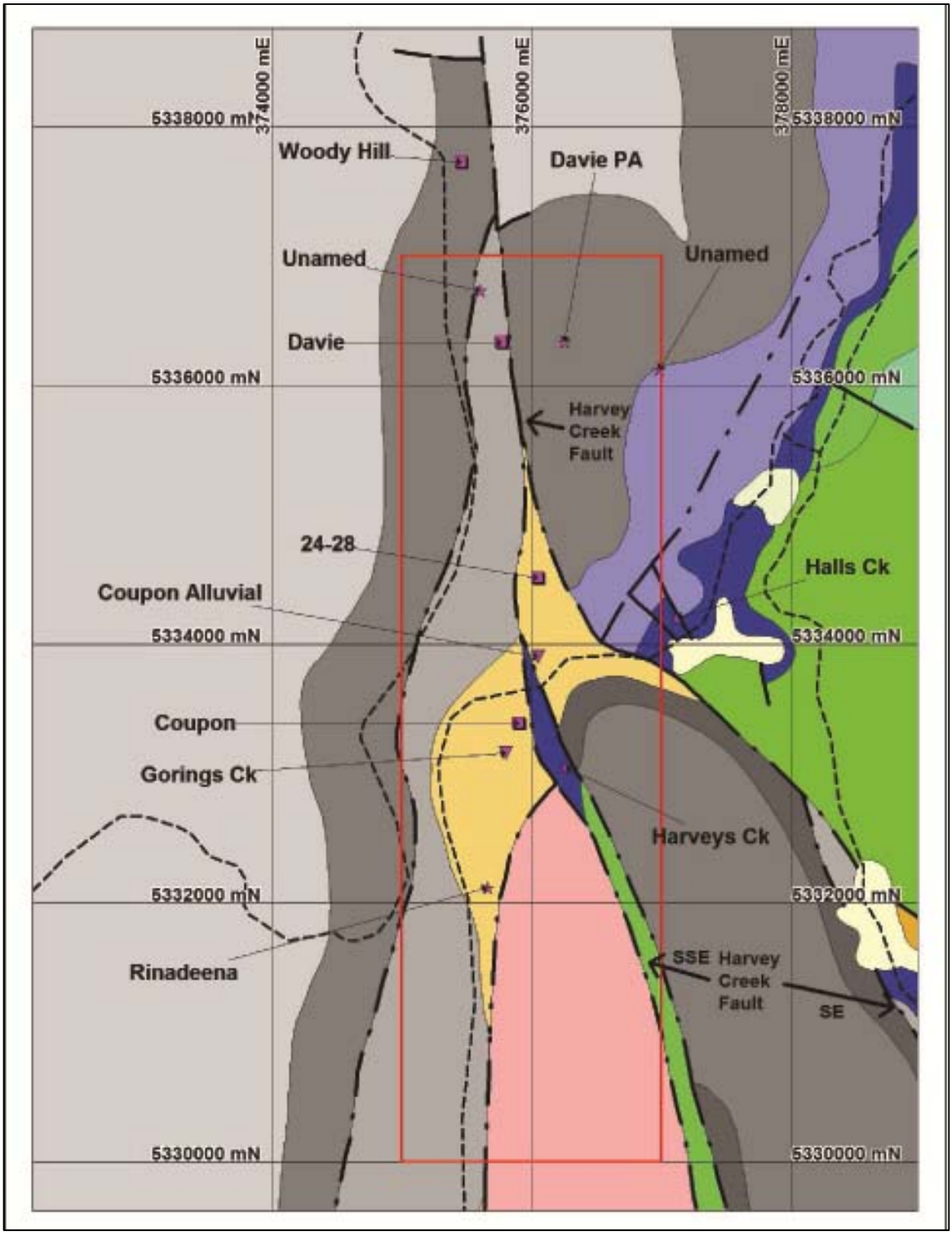


Figure 2: Tenement (EL43/2004) geology with prospects

6. PREVIOUS EXPLORATION

Exploration on the land covered by tenement EL43/2004 and environs dates back to 1880. Since then various organisations have explored the area. The work performed by these organisations is briefly summarised below:

6.1. Early Prospecting and Mining - 1890 to 1920

During the copper rush of the 1880´s it is highly likely that the Harvey Creek was prospected (as all rivers and creeks in the district) leading to the prized discovery of copper-gold mineralisation at Mt Lyell. Several historic gold mines and prospects have been recorded from the area, e.g. Princess, Ltnchford and King River mines. Available information suggests that these workings were minor and confined to narrow quartz veins and exploited by shallow shafts and adits. The reported low gold production could be due to the reporting procedures of the time.

Besides Mt Lyell, the following dicoveries within and adjacent to EL43/2004 were made during this period:

6.1.1. Woody Hill Gold Mine

The mine is located about 4 km north of Coupon Prospect, just outside the nothern EL43/2004 boundary. The mine was worked from 1887 to 1907 and as per records produced 4.6 kg of gold from 265t ore @ recovered grade of 17.6 g/t gold. The gold was mined from two adits developed along narrow quartz veins within Siluro-Devonian quartzites adjacent to the Harvey Creek Fault.

6.1.2. Davie Workings

Davie is believed to be located approximately 1.25 km south of Woody Hill Mine and adjacent to the Harvey Creek Fault. The records are poor, but the workings appear to have been substantial, consisting of several shafts and adits developed on quartz reefs.

6.1.3. Coupon Workings

Coupon is situated approximately 4.25 km south of Woody Hill Mine on a ridge between Harvey's and Goring’s creeks. At least six tunnels, plus shafts and winzes were developed into gold-bearing limonitic zones. Production records as noticed from other areas of this vintage are incomplete, in the year 1913, 32t of ore was extracted @ recovered grade of 12 g/t gold.

6.1.4. Rinadeena Reward Claim

The exact location of this claim is not known, but descriptions place it near Halls Creek at the saddle of the Abt Railway. The prospect was mined for antimony; a significant indicator for exploring for Carlin-style gold mineralisation. Workings consisted of a 120m long adit driven into black pug (a common weathering product of Ordovician Gordon Limestone).

6.2. Pickands Mather 1965 to 1968

Modern exploration can be considered to have commenced in the mid-1960´s with regional stream geochemical sampling by Pickands Mather International throughout western Tasmania. Samples were assayed for base metals, not for gold. No anomalies were identified.

6.3. Trikon & EZ- 1981 to 1987

Trikon International Limited (Trikon) acquired tenure over the area in March 1981 as Special Prospecting Licence 806 (SPL806) and subsequently joint ventured the tenement to Electrolytic Zinc Company of Australasia Limited (EZ).

EZ carried out a stream sediment and rock-chip-sampling program with a Carlin-style exploration model in mind. A number of tungsten anomalies were detected by the stream sediment survey; the presence of tungsten is considered significant in the exploration for gold in the structurally active sedimentary basins.

The tenement (SPL806) lapsed in 1984, but was re-issued to Trikon as EL9/84. Re-interpretation of EZ geochemical results was performed. The outcome was encouraging, and subsequently a stream sediment-sampling program was undertaken, which identified a number of gold anomalies in tributaries of Halls Creek.

Additionally, a magnetic anomaly in the south-eastern part of the tenement was investigated with grid-based mapping, soil geochemical sampling and ground magnetic surveys, which located a wedge of Cambrian volcaniclastics. Geophysical modelling and geological interpretation resulted in recognition of the major Harvey Creek Fault. This was a significant outcome.

The Harvey Creek grid was extended 5 km north covering a portion of the Harvey's Creek Fault Zone, with 9.2 km of grid lines established initially at 200 m to l000 m spacing. Hand-augered B-C horizon soil samples were collected at 20m spacing, for a total of 155 samples. The sampling detected several substantial gold-arsenic anomalies adjacent to the Harvey's Creek Fault over a 3km strike length. The principal anomalies were designated Coupon, 24-28, and Davie.

Rock sampling returned a number of significant values including 16g/t gold (Au), 0.44% arsenic (As) from limonitic quartz float at Anomaly 24-28, up to 4 g/t gold from rock-chips at Coupon, and 3.48 g/ gold and 0.62% arsenic from siltstone **at** 1415N.

The original Coupon workings were discovered during line cutting. Accessible adits from Coupon were channel sampled. Better results included 6m @ 1.4g/t gold from adit 2.

6.4. Montroyal & Cyprus 1988 to 1990

In October 1987, Montroyal Mining NL acquired EL9/84 from Trikon and subsequently farmed the tenement out to Cyprus Gold Australia Corporation (Cyprus) in May 1988. Cyprus regarded the area as prospective for Carlin-style, as well as for high-grade vein style and Henty-style structurally controlled gold mineralisation.

Cyprus in-filled the Harvey Creek grid with a further 16.5k m of line cutting at 50 m to 300 m spacing and collection of 600 hand-augered soil samples at 25m spacing. The sampling confirmed the presence of three gold-arsenic anomalies defined previously by Trikon. The Coupon anomaly was shown to extend over 400 m x 150 m, with soil samples generally in excess of 0.1g/t gold and l00 ppm arsenic. Rock chip samples returned up to 2l g/t gold

Gold-arsenic anomalism at Anomaly 24-28 extended over a 400 m **x** 75 m area, with float samples returning up to 16 g/t Au and 0.44% arsenic. The Davie anomaly was defined over 400 m **x** 100 m, with arsenic soil values to 0.56%. Gold to 14 g/t was recovered from grab samples from old workings.

Due to ease of access, the Coupon anomaly was targeted for drilling. Excavated access tracks over the anomaly were mapped and channel sampled, highlighting widespread anomalous gold-arsenic in intensely veined and fractured sediments.

Anomalism was commonly associated with limonitic weathering, probably after pyrite-arsenopyrite.

Cyprus drilled a total of 13 RC holes at Coupon, for a total of 737m. Due to drilling difficulties, most holes were abandoned prior to reaching target depths, the deepest hole being to only 82m. Best results were from hole CRC3 which retuned 24m at 1.1g/t gold and 0.25% arsenic from 16 m.

Strong levels of arsenic anomalism were encountered in several holes, but had no significant gold intercepts.

Cyprus withdrew from the joint venture in 1990

6.5. Perilya – Noranda - 1991 to 1992

Following Cyprus' withdrawal, a Perilya Mines NL - Noranda Pty Limited consortium farmed into the tenement in early 1991.

Perilya-Noranda completed infill of the Harvey's Creek grid to 200m line spacing or closer over a 4km length. Soil sampling south of the Coupon anomaly demonstrated gold-anomalism up to 0.17 g/t extending up to 300 m from the main workings. Additional sampling north and south of anomaly 24-28 failed to define any substantial new targets.

Detailed remapping of the Coupon area resulted in substantial revision of the geological structure and mineralisation controls. Perilya-Noranda recognised the Coupon area as comprising steeply east-dipping quartzite and siltstone occurring on the eastern limb of a northwest-trending anticline. A number of northwest trending shears and faults, with dips of 30 to 80° northeast, disrupt the sedimentary package. These structural zones are characterized by intense shearing, quartz veining and limonite development (after pyrite-arsenopyrite). Perilya-Noranda regarded most of the mineralisation as confined to these shear zones, with lesser and patchy mineralisation pervading sediments adjacent to these structures (Newnham 2000).
Comprehensive channel sampling of access tracks at Coupon returned several significant gold zones including 5 m at 5.76 g/t, 8 m at 2.32 g/t, 25m at 2.00 g/t and 10 m at 1.45 g/t.
Re-logging of drill chips, and careful analysis of gold-bearing intervals in CRC3 indicated disseminated pyrite-arsenopyrite in quartz veins within a siltstone-shale sequence.

A diamond hole LT91-1 was drilled in an attempt to test one of the postulated mineralised shear zones. Drilling difficulties resulted in abandonment of the hole at 61m depth. Perilya-Noranda then withdrew from the project (Newnham 2000).

6.6. Goldstream - 1993 to 1995

In January 1993, Montroyal's parent company, Goldstream Mining NL entered into a farm-in agreement with Titan Resources NL. A three-hole diamond-drilling program (total 536m) was conducted to further test the anomalous gold-arsenic zone at Coupon for fine-grained sedimentary hosted gold. Drilling encountered elevated gold-arsenic within strongly leached limonitic sandstone, although core recoveries were poor in general, however, results were disappointing, with only one sample assaying over l g/t gold.

From this program it was concluded that the significant gold-arsenic mineralisation previously obtained in surface sampling and in hole CRC3 was

controlled by an east-trending shear zone. Newnham (1995) reports that surface channel sampling in the vicinity of this fault returned >l.0 g/t gold over 100 m strike length. Sediments immediately north and south of this fault are variably gold-arsenic anomalous, particularly the leached limonitic sandstone unit intersected south of the fault.

A further three holes were drilled to test the hypothesis that mineralisation potential was highest in the fault zone and Limonitic sandstone unit. Drill hole LYN4 intersected a 70 m zone of intensely leached limonitic sandstone anomalous in gold-arsenic. Best result within this zone was 8m at 1.24 g/t gold.

To test the limonitic sandstone unit at depth, four additional diamond holes were drilled for a total of 1021 m. Results of this program were disappointing, and it was concluded that mineralisation of economic significance is confined to the east-west fault.

Newnham (1995) estimated that "potential may exist in this area of 200,000 to 300,000 tonnes of mineralisation per 50 vertical metres, possibly grading in the 1 to 3 g/t gold range." As this did not meet corporate objectives, the license was relinquished.

6.7. 1996 to 1999

Since surrender by Goldstream in 1995**,** no exploration work was carried out at the gold anomalies (Coupon, Anomaly 24-28 and Davie) within the current Sulphide Creek tenement (EL43/2004). However, exploration to the south and east was undertaken by RGC (EL2/94) and Aberfoyle - CRAE (EL47/83)**.**

6.8. ASARCO 1999 to 2002

The company ASARCO Exploration Company Inc. (ASARCO) explored the area under Exploration Licence (EL) 15/99 (Lynchford) from 15 October 1999 to September 2002. Initially the area was granted for a period of 5 years. The license covered an area of 35 square kilometres.

ASARCO´s aim in acquiring the tenement was to explore for disseminated sediment-hosted gold style deposits (Nevada-style, USA).

The work included cutting of an access track from the Strahan Road to the northern end of the anomaly and then 1950m of grid comprising 200m long cross lines over a baseline oriented north west-south east, geological mapping, rock chip (46) and C horizon soil sampling (79) at 25m spaced sample sites with analyses at Analabs Pty Ltd in Burnie for Cu, Pb, Zn, Sb,etc.

Based on this work Newnham Exploration Services (2001) concluded that the area is gold anomalous and recommended drilling of three inclined diamond drill holes to test the gold and arsenic geochemical anomalism. The recommendation were not in line with ASARCO corporate goals and thus the Company reliquished the tenement in 2002.

6.9. ZINICO 2004 - 2008

The tenement EL43/2004 was granted to Zinico NL on 1 March 2005 for 5 years. Gujarat NRE Minerals Limited acquired the tenement from the Zinico NL. in January 2008 and in May 2008 sold to Shree Minerals Limited. (Note: The work by Zinico is sumarised below. For details reader is refered to reports submitted by Zinico (Zelos Resources NL) to MRT.

During 2004/05 Zelos Resources NL (Operator) drilled three HQ diamond holes for 350.5 m and carried out drilling associated tasks; track and drill site preparation, sampling, geological logging, reporting, etc.

Drilling commenced on Friday 9th December 2005. Low Impact Diamond Drilling Specialists Pty Ltd of Burnie/Queenstown carried out the drilling using 10 hrs day shift; 5 days a week.

The first hole (DDDH1) was drilled to 136 m and terminated in a fault zone, 14m short of the targeted depth. The target was reached and gold mineralization found. Drilling intersected mineralised fine grained metamorphosed siliceous sediments with an accompanying quartz vein stockwork system.

DDDH2 was terminated at 145.5m depth in fresh rock still in gold mineralization, 5.5 m short of the targeted depth.

DDDH3 was terminated at 69m depth because of bad drilling conditions.

6.10. Exploration 2006 - 2007.

Field work during this period was minimal. The only work performed was tiding up drill sites and access tracks. Additionally, follow up drilling was planned to assess the lateral extent of the gold mineralisation interescted in 2004/05 drilling. The planned drilling owing to priority exploration activities and field work on other projects, was postponed for the 2006/07 season.

Additionally, desktop study of information on the Davie, Anomalies 24-28 and Coupon prospects was undertaken.

6.11. Exploration during 2007 - 2008.

The available data was reviewed and a field program for the summer was prepared. This entailed visits to Anomaly 24-28 and Coupon prospect for reconnaissance, orientation of past work and some follow up outcrop sampling.

Other company projects ranking higher in urgency were given priority. This coupled with shortage of field staff resulted in no field work being carried out in the reporting period.

6.12. Shree Minerals - 2008 - 2009

Shree Minerals Limited purchased the tenement from the Gujarat NRE Minerals Limited in May 2008.

The only work carried out during the year was a field visit to the western flank of the ridge at the Davie Prospect for selecting a suitable access track route. Addtionally, a visit was made to the office of Shree's geological consultancy company for discussing the alternate access, ore genesis and planning of a revised exploration programme.

6.13. Shree Minerals - 2009 – 2010

Planning of drilling and related logistics, including approvals from MRT, selection of drilling and helicopter contractors, up grading the existing access track to the Davie Prospect drill sites and preparation of pads, etc. The drill rig was trasported by helicopter and a total 391 m diamond coring was undertaken via 2 holes (SCDDH4 and 5).

7. WORK PERFORMED

The Sulphide Creek tenement contains three principal prospects (Davie, Anomaly 24-28 and Coupon). Over the years several organisations have explored these prospects by way of geological mapping, sampling of old adit walls, soil geochemical sampling, analysis of aeromagnetic data, drilling, etc.

Field associated reported work was carried out at the Davie Prospect. Part of the reported work, i. e. access track and drill pad preparation, mobilisation and demobilisation of drill rig and associated equipment by helicopter, drilling of 391 m along 2 holes, etc., was carried out in 2009-2010 period. Whilst sampling, analysis data interpretation, some rehabilitation and report writing along with a few field visits were undertaken during the present reporting period.
In addtion to tasks associated with the drilling undertaken in January/February 2010, a data compilation excercise for the tenement was also undertaken. The data complitation was carried out by Mr Simon Tear of Hellman and Schofield Pty Ltd.

This report summaries the work carried out on the cores of diamond drilling done in January 2009 and February 2010 and findings of the data compilation excercise; details are given in Appendices I to III.

7.1. Drilling

The company Zelos Resources NL of Sydney (previous manager of the Sulphide Creek tenement) in 2005 drilled 3 diamond drill holes at the Davies Prospect and intersected low-grade stockwork gold mineralisation; 101 m @ 0.35 g/t gold including a 1 m intercept @ 1.05 g/t gold.

Shree Minerals Ltd, in 2009/10 drilled two angled (-60° and -85°) diamond holes (SCDDH4 and 5) for a total of 391 m at the Prospect to define the extent of gold mineralisation approximately 80m northwest of the 2005 drilling. The rationale for drilling angled holes was to define gold mineralisation covering a significant block extending to depth greater than 150 m. Extensive iron oxidised quartz stockwork carrying gold mineralisation was intersected from surface in both holes, the mineralisation was strong in the hanging wall of two significant faults (Figure 3).

The drilling was done along cross section 14N from a single pad (Figure 3). Details on location, angle, azimuth, etc for drill holes are given in Table 2. Both drill holes were capped with PVC pipe (Plate1).

Plate 1: Drillhole capping

Table 1: Davie Prospect drill hole details

Hole_ID	Easting (AGD66)	Northing (AGD66)	RL (m)	Azimuth (True N)	Dip	Depth (m)	Date Commenced	Date Completed
SCDDH4	**375689.5**	**5336335.7**	**379.9**	**48**	**-60**	**190.9**	14/01/2010	8/02/2010
SCDDH5	**375689.4**	**5336335.6**	**379.9**	**48**	**-85**	**200**	10/02/2010	24/02/2010

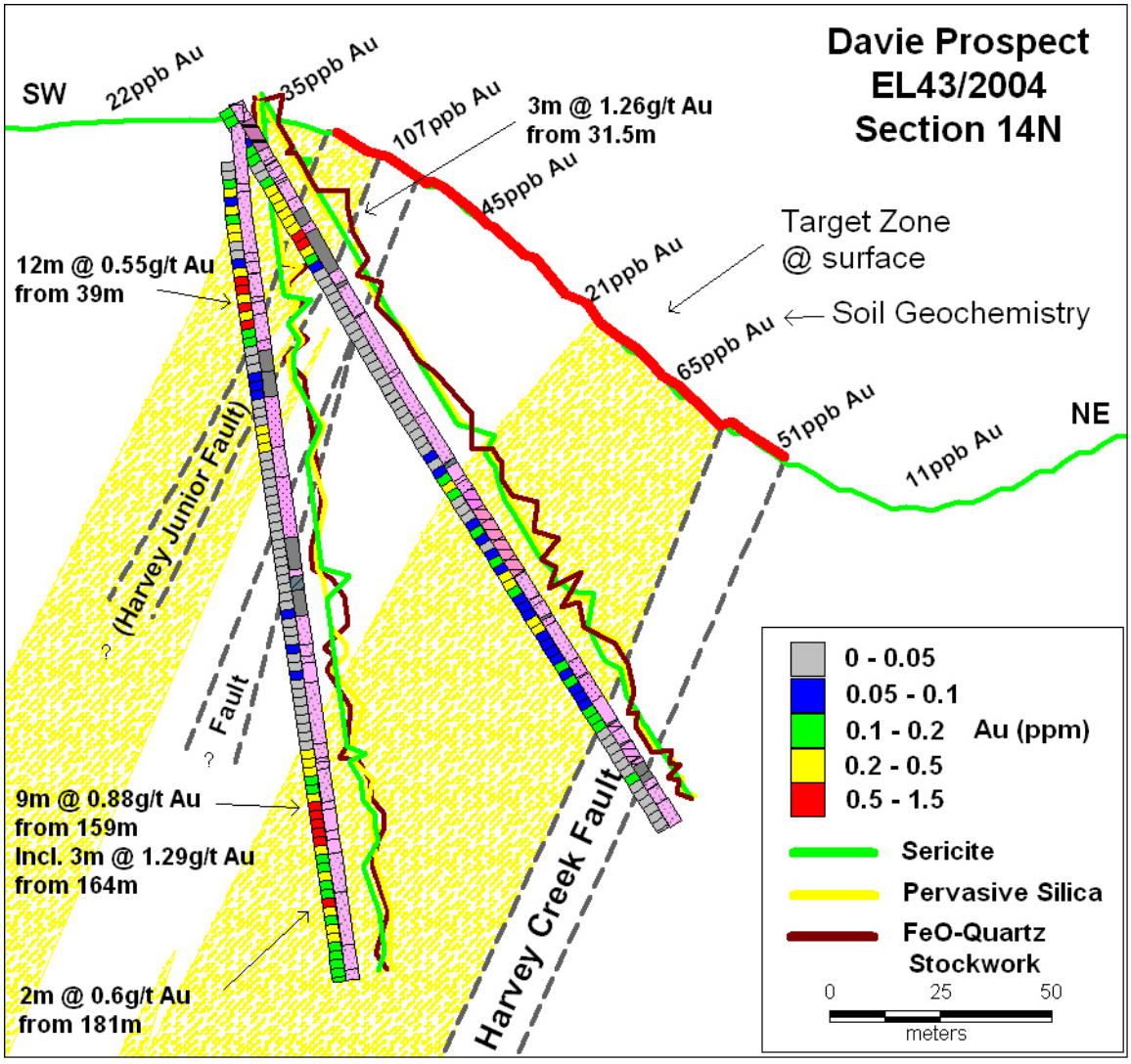


Figure 3: Cross section showing alteration and gold mineralisation – Davie Prospect

7.2. Geology

The Davie Anomaly is located within siliceous sandstone and siltstone of the Ordovician-aged Rinadeena Formation, which lies in faulted contact with fine to medium-grained quartz sandstone of the Siluro-Devonian-aged Crotty Quartzite. The Harvey Creek and Harris faults are two significant NNW aligned structures separating these units and intersecting in the prospect vicinity. A revised geological compilation is still required to obtain a better understanding of the prospect.

The drilling predominantly intersected fine grained sandstone with slightly lesser medium grained sandstone and minor coarse grained sandstone.

7.3. Structure

The Harvey Creek and Harris faults are two significant NNW aligned structures mapped by MRT as intersecting immediately south of the prospect. Reid (2001) inferred that the Harvey Creek Fault forms the western boundary of the siliceous sandstone and siltstone of the Ordovician-aged Rinadeena Formation, with the Harris Fault bounding to the west. This relationship is important to understand mineralisation in the tenement and environs and needs to be resolved.

A significant fault (Harris or Harvey Creek Fault?) traverses ~N to NNW along the eastern margin of the anomalous Gold in soil and rock chip at the Davie Prospect. This structure is an approximately 15m wide brittle fault zone comprising variable to large (to >2m) clasts within a largely clay matrix gouge breccia. Evidence of earlier more ductile strain in the form of weak foliation / shearing is locally evident. Broken core and brittle faulting extends up hole to the "Harvey Junior Fault", which hosts Gold mineralisation. This fault is approximately 6 to 12m thick and trends N-S, on the basis of alignment of anomalous Au in soils (Figure 3). Long core axis angles from SCDDH4 & 5 indicate that the Harvey Creek and Harvey Creek Junior faults have approximate dip of -65° SW.

The tectonic history of faulting at Davie is likely long lived, as demonstrated by both ductile and brittle related fabrics. A sericitic shear fabric is evident in both SCDDH4 & 5, forming a moderately steep SW dipping shear zone. Whilst brittle fault breccia, from 174.8 to 179.2m in SCDDH4, is annealed by cream silicate stockwork and semi-pervasive silica reflecting pre-alteration brittle deformation on the fault. Post mineralisation fault movement is evidenced by brecciated milky quartz veining within a fault zone in SCDDH4 at ~173.4m.

7.4. Sampling and analysis

Core sampling was carried out at three intervals; over zones of strong alteration at 1m, outside the strong alteration at 2m (composite), and 3m (composite) over strongly broken/poor core recovery zones.

Drill hole SCDDH4 was sampled over the entire length, whereas SCDDH5 was sampled from ~15m; given that the upper portion of the drill hole, effectively, would be a repeat of SCDDH5.

A total of 356 samples (346 core and 11 rock chips) were submitted to Burnie Research Laboratory; given the generally low abundance of most other metallic elements at the Prospect, at this stage analysis for gold only was undertaken. However, pulps were retained, for future additional analytical work as warranted. The core samples, after compositing, resulted in 251 analyses. Results are given in Appendix-III

7.5. Mineralisation and Alteration

At the Davie Prospect, gold mineralisation is associated with iron oxide veining and pervasive silicification (Plate 2), which appears to be principally developed in the immediate hangingwall to the two major faults (Figure 3).

Principal alteration styles identified from macroscopic rock and drill core investigation include:-

- Pervasive silicification (mostly of weak intensity)
- Semi-pervasive and veined cream coloured silica (+/-carbonate /calc-silicate?)
- Sericite veining / foliation (+/- fine-grained pyrite?)
- Quartz +/- FeO stockwork
- Quartz veining

Plate 2: Stockwork with ferruginous veins in drill core – Davie Prospect

In drill hole SCDDH4, the hanging-wall and upper fault included an intersection of 3m @ 1.26 g/t gold from 31.5m, however, gold containing stockwork extended from 94m down to the lower fault zone contained several low tenor (<0.5g/t) Au intervals. In SCDDH5, the hanging-wall and upper fault returned 14m @ 0.52 g/t gold from 37 to 51m. Further down hole, a broad intersection of 53m @ 0.33g/t Au extended from 147m and included 3m @ 1.29g/t Au from 164m. The upper Au anomalous zone is possibly up to 20m thick, whilst inference from sectional interpretation indicates that the lower zone could be up to 60m in true thickness (Figure 3).

Table 2: Davie Prospect Significant Gold Intersections

Hole ID	**Location (m)**			**Gold**
	From	**To**	**Interval (m)**	**Grade g/t**
SCDDH4	19.00	37.50	18.5	0.50
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Includes	**164.00**	**167.00**	**3.00**	**1.29**
	181.00	183.00	2.00	0.60

A total of 11 rock chip samples was undertaken during the drilling program. Results were disappointing with only two samples returning Au values above detection limit (max 0.02 ppm Au). A key focus was channel sampling of a 7m long adit, located at the south eastern end of the principal Au in soil anomaly. Analytical results were disappointing; returning a maximum of 0.01 ppm Au;

historically workings at the Davie prospect have returned up to 14g/t Au from rock analysis.

7.6. Data Compilation

Shree have commissioned Hellman & Schofield to undertake a data compilation and geological review exercise for their Sulphide Creek licence EL 43/2004. The Consultant has generated a list of exploration targets for gold mineralisation and also has proposed drill holes.

The Consultant's report has been delivered during the third week of January, as a result study details will be reviewed during the 2011 field season. A copy of the report is attached as Appendix IV.

8. DISCUSSION AND CONCLUSION

Gold mineralisation within the tenement (Davie, Anomalies 24-28 and Coupon) and environs (Woody Hill) appears to be associated with the Harvey Creek Fault and its splays (fault zone /system). This fault regime could be interpreted as acting as a conduit for mineralising fluids emanating from a deeper auriferous fluid chamber from the underlying Mt Read Volcanics; a mineralisation style similar to Henty.

Such an idea, based on observations made in the Garfield area, was tossed around by earlier workers (Newnham 2002). As per Newnham following this hypothesis the target zone at Sulphide Creek tenement would be deeper and concealed beneath the post Cambrian Palaeozoic sediments, which suggests presence of targeted mineralisation deeper at the Davie Prospect. The drilling of 2009/10 has intersected gold mineralisation at two levels (Figure 3, Table 3); shallow (19 to 51 m) and deeper (159 to 183 m). The drilling suggests further potential for moderate grade gold resources at deeper depths in the tenement.

9. EXPENDITURE

Table 2 Tenement expenditure for the period 1 st March 2010 to 31 December 2010

Activity	**Expenditure ($)**
Exploration activities (Sample transportation & preparation , Assaying ,Field Assistants, Consultant data compilation and review, Geology consultants , materials & services ,etc)	$166,629.72
Administration (upto a max of 10% of above)	$16,662.97
Total	**$ 183292.692**

10. RECOMMENDATIONS

The work todate suggests that the tenement land is prospective for discovering reasonable size gold resources at depth. However, in view of the rugged terrain, poor access, thick vegetation cover, limited reliable information on geology, especially stratigraphy, before venturing for further drilling, it is recommended that the Company during the 2011/12 period examines suggestions made in the data complilation excercise by Hellman &

Schofield along with field visits and discussions with experienced geoscietists on the Western Tasmanian geology. Based on the findings of this study future exploration work should be planned.

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11. REFERENCES

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APPENDIX I

Report on 2010 Drilling - Davie Prospect, Sulphide Creek, EL43/2004

By
Rob Reid (BSc Geol. Hons., MSc Econ. Geol.)
For Shree Minerals Ltd.
October 2010

APPENDIX II

Data Compilation Report
Sulphide Creek EL 43/2004
Tasmania

By
Simon Tear
BSc (Hons), ARSM, PGEO, MAusIMM, MIOM3, Eur Geol
Hellman & Schofield Pty Ltd

January 2011

APPENDIX III

AssayResults

APPENDIX IV

List of appended digital data files

1. EL432004_201102_01_Digital_Files.txt
2. EL432004_201102_02_Annual_Report.pdf
3. EL432004_201102_03_Drilling_Report.pdf
4. EL432004_201102_04_Research_Report.pdf
5. EL432004_201102_05_AssayResults.pdf
6. EL432004_201102_06_DH_Collar.txt
7. EL432004_201102_07_DH_Analysis.txt
8. EL432004_201102_08_DH_Survey.txt
9. EL432004_201102_09_DH_Geology.txt
10. EL432004_201102_10_DH_Structure.txt
11. EL432004_201102_11_DH_Geotech.txt
12. EL432004_201102_12_DH_Lookups.txt