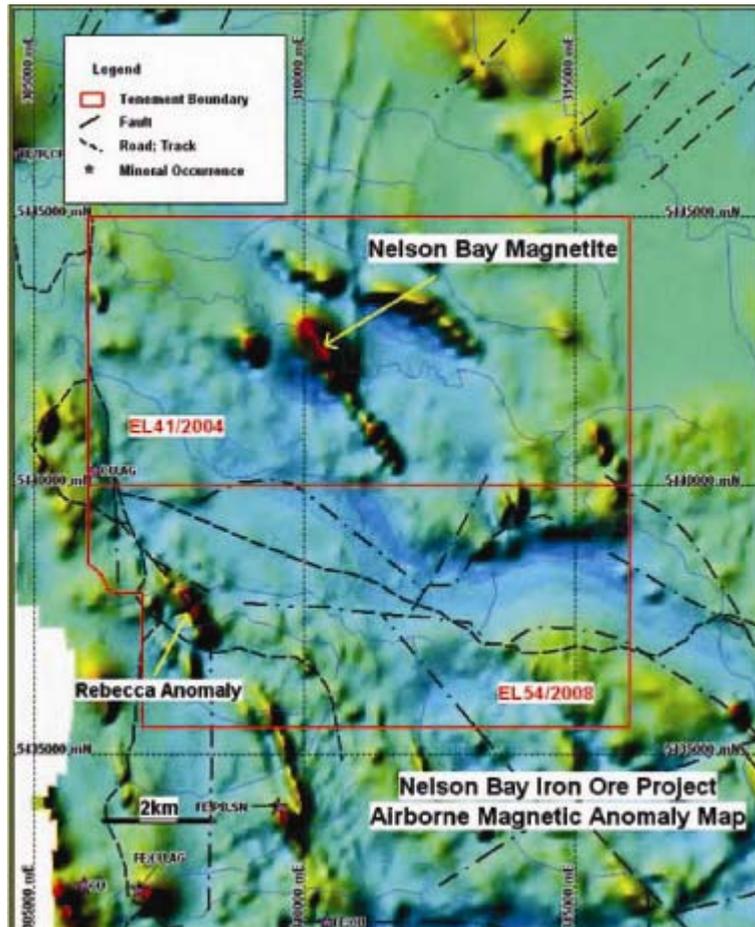


SHREE MINERALS LIMITED

ACN 130 618 683

ANNUAL REPORT FOR THE PERIOD 11.05.2010 to 10.05.2011 REBECCA CREEK – EL54/2008 -



7 April 2011

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SUMMARY

The Rebecca Creek tenement (EL54/2008) forms part of the Shree Minerals Nelson Bay Iron Ore Project, which comprises of two contiguous tenements (Figure 3); EL41/2004 (Nelson Bay River) and EL54/2008 (Rebecca Creek), located in the northwest of Tasmania 6 km northeast of the town of Temma and about 70km southwest of Smithton. The Rebecca Creek tenement covers an area of 43 km² (Figures 1).

Several organisations and Tasmanian Government geologists have worked in the North Western Tasmania since 1906. However, detailed work at the tenement was carried out in 1980s by Geopecko Exploration Pty Ltd. The Company established a grid over the area around the Rebecca Creek magnetic anomaly and carried out ground magnetic survey of the Anomaly and sampling of waste dumps around two shafts.

Shree was granted the tenement in May 2009. During the report period Shree has carried out literature search and geophysical study of the Nelson Bay River Iron Project of which tenement EL54/2008 is a part.

During 2011/12 the Company is planning to carry out line cutting, ground magnetometer survey, geochemical sampling, geological mapping and possible RC drilling.

1. INTRODUCTION

The North Western part of Tasmania has been explored since the early 1900. Eventhough that the magnetic character, mineralogy and wall rock alteration (mainly chloritisation) is similar to other lodes in the area, like Nelson Bay River and Possum Creek, with the exception of reconnaissance work in 1980's by Geopeko no serious exploration work has been carried out at the Rebecca Creek tenement (EL54/2008).

This report details the work performed at the tenement by Shree Minerals Limited from 11 May 2010 to 10 May 2011.

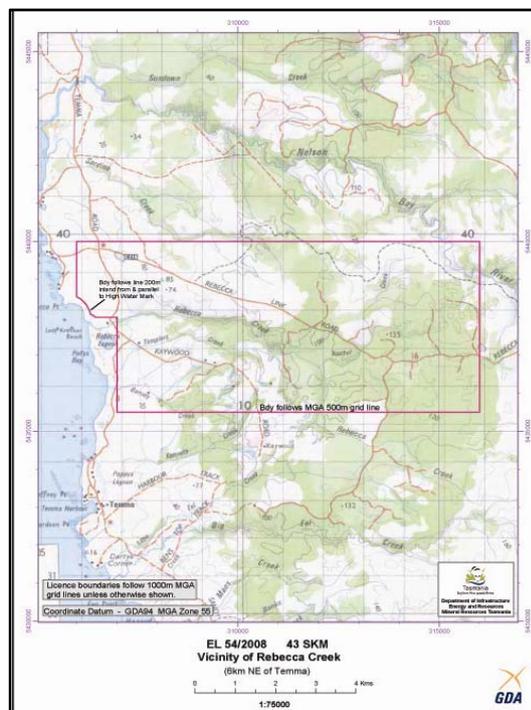
2. AIM

To explore for iron (magnetite and goethitic-hematite) resources

3. LOCATION AND ACCESS

The exploration licence EL 54/2008 shares its northern boundary with the Company's the Nelson Bay River tenement (EL41/2004, Figure 3), covers an area of area of 43 km² and is located about 6 km northeast of the town of Temma and about 70 km southwest of Smithton, in North West Tasmania (Figure 1).

Access to the tenements is via the Temma and Heemskirk sealed road following Forestry Tasmania's Rebecca 3 road and thereon via the Rebecca Creek Farmhouse rugged local tracks.



Source: MRT

Figure 1: Tenement (EL54/2008) Location and Access Map

4. TENEMENT STATUS

The tenement EL54/2008 (Figures 1 & 2) was granted to Shree Minerals Ltd on 11 May 2009 for the exploration of Mineral Category 1.

4.1. Schedule

Land district: Russell vicinity of Nelson Bay River (5 km NE of Couta Rocks)

Municipality: Circular Head

Exploration Licence: 54/2008

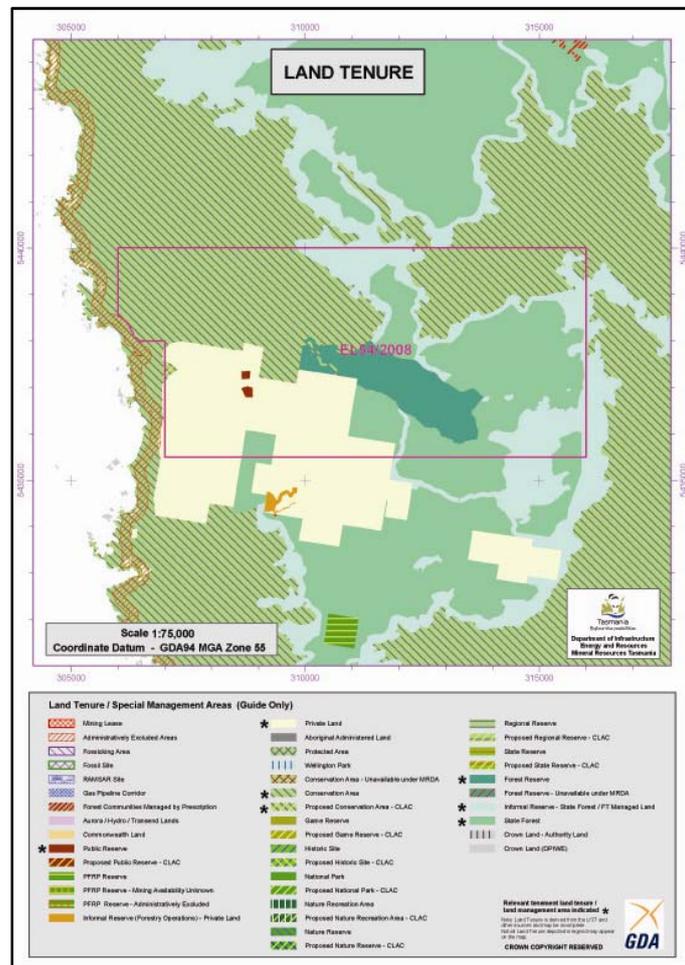
Area: 43 km²

Ownership: Shree Minerals 100%

Operator: Shree Minerals Ltd.

The coordinate datum for the licence is based on AGD 1994, MGA Zone 55.

4.2. Land Tenure (Figure 2)



Source: MRT

Figure 2: Rebecca Creek (EL54/2008) Land Tenure Map

4.3. Exclusion

There are no excluded areas.

4.4. Special Provisions

There are no Special Provisions.

5. PHYSIOGRAPHY & VEGETATION

The west of the property lies within a peneplained hinterland to the coast with fossil sand dunes locally. In the east the terrain becomes more undulating with incision by creeks. There are creeks draining east to west, close to or through the property, including Tempiers Creek, Barney Creek and the Rebecca Creek (Figure 1).

Climate is temperate with substantial annual rainfall typical of Western Tasmania. Temperature ranges from just above freezing in winter to a likely maximum of 30°C in summer

Vegetation cover is a mixture of low level heath (Plate 1) in the west of the licence.



Plate1: Low Heath Peneplain

6. GEOLOGICAL SETTING

6.1. Regional Geology

The geology of the Rebecca Creek tenement consists of siltstones, sandstones and carbonaceous mudstones of the Cowrie Siltstone; part of the Rocky Cape Stratotectonic Element. This element consists of Early Neoproterozoic autochthonous marine shelf clastic sequences, relatively unmetamorphosed to lower greenschist facies, overlain (outside the licence area) unconformably by various suites of younger Neoproterozoic rocks.

6.2. Local Geology

Much of the area is covered by superficial sands and geological exposure is fairly poor. However, rocks immediately adjacent the magnetic 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. The geology of the tenement and environs is shown in Figure 3.

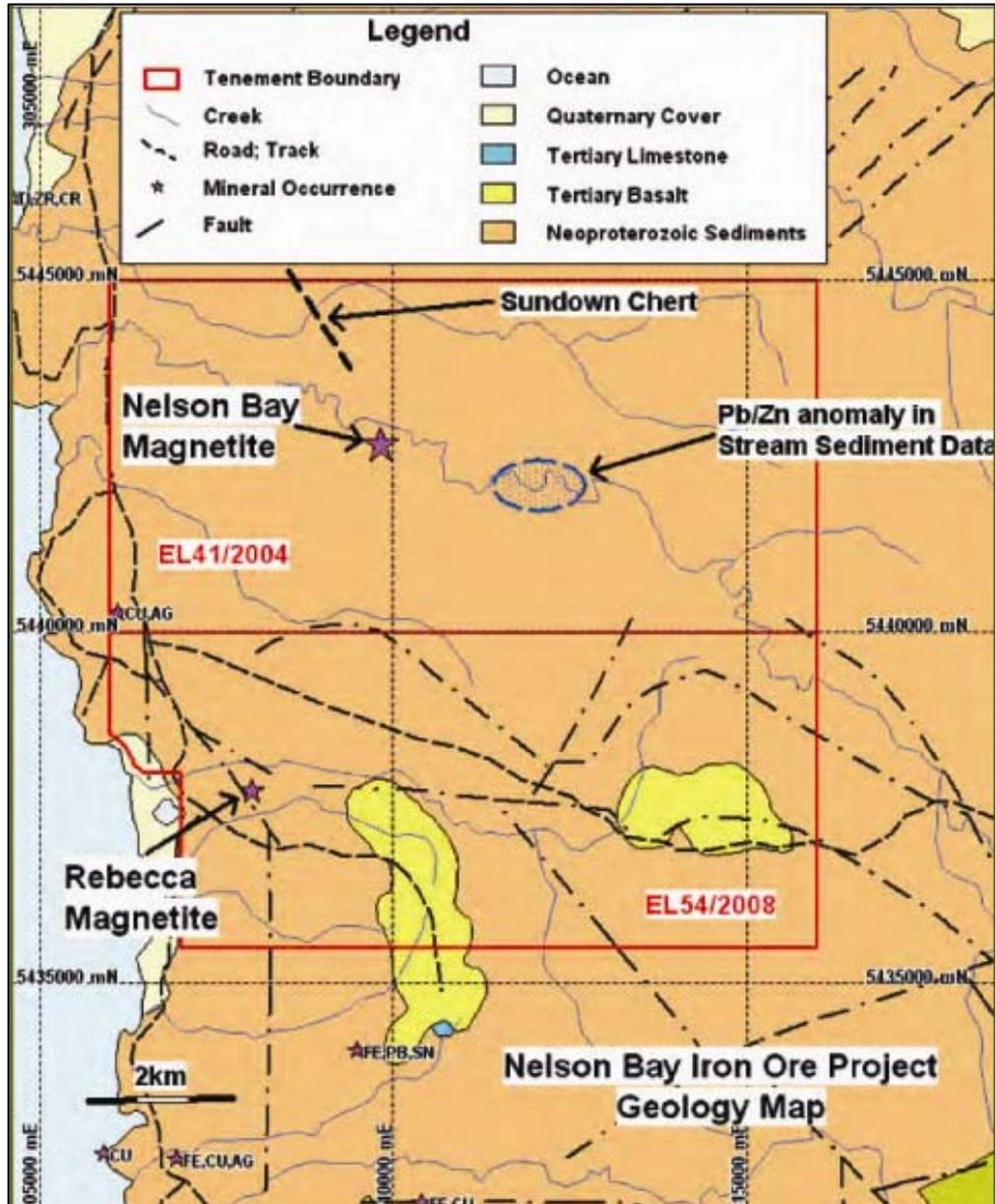


Figure 3: Geology map of EL54/2008 & environs

Two shallow shafts are developed on the lode outcrop near 600 mS (local grid). 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 magnetic-ferromag, but elsewhere occurs as massive pyrite/gossan in association with thick (5-10cm) vuggy quartz veins probably superimposed upon the magnetite lode. Strong chloritisation of the wall rocks adjacent to the lode is evident in the southern shaft and from loose material on the dumps.

7. PREVIOUS EXPLORATION

The lands in the vicinity of the Rebecca Creek Magnetic Anomaly have history of prospecting right from the early part of the 19th Century.

7.1. Nelson Bay River prospecting - 1906

Towards the end of 1906 the outcrops of Nelson Bay River Magnetite were worked under Sections 2923/M - 40 acres and 2942/M - 40 acres in the names of M.H. Gaffney and J.S. Fulton, and E. Farley respectively. It was considered at the time that the exposure represented the oxidised outcrop of a copper lode. Some superficial prospecting was undertaken at surface and a high level adit was excavated. This work was soon abandoned, however, and no mining development has since been reported.

7.2. Ward - 1911

The earliest published work on the geology of the Temma area is that of Ward, (1911) who spent the winter of 1910 in the field and reported on several of the magnetic or quartz-sulphide bearing lodes known at the time.

Ward noted the similarity between the iron rich lodes of the Temma area and other occurrences south of Mt Balfour and in the Norfolk Range. (pp 47-48.) He indicated that the magnetite-hematite-ferriferous dolomite lodes were but variants of the 'normal' quartz-pyrite-chalcopyrite bearing 'copper lodes' of the region and suggested a zonal relationship between the copper lodes and the tin-tungsten lodes, all ultimately related to Devonian granite intrusives.

7.3. Pickands Mather & Co. International - 1960's

In the mid 1960's Pickands Mather & Co. International undertook detailed investigations of the Nelson Bay River and Temma (Strickland) iron lodes, presumably to test for iron ore potential.

The work culminated in drilling of three holes; one at Nelson and two at Temma. One of the latter intersected a 20m magnetite zone reported to contain 0.1% tin.

7.4. A & N.Z. Exploration Co – 1973

During 1973, the A & N.Z. Exploration Co., under E.L. 8/72 carried out geological reconnaissance and panned concentrate stream sediment surveys which successfully detected anomalous tungsten and specks of scheelite in Sundown Creek (north of the Nelson River) and in a tributary of the Arthur River (3km south of the Salmon River). No follow up work was considered justified.

7.5. Historical Note – 1963

By 1963 the area was reasonably prospected, but no economical mineral was produced. As a surprise on 18 May 1963 the Advocate (local paper) published an article entitled “Barney’s Copper Streak at Temma” (Plate 2).

7.6. CRA Exploration Ltd – 1977

A regional drainage geochem survey of EL 1/77 by CRAE in 1977 found anomalous values of tin (150-135ppm) in panned concentrate samples from four streams draining areas of aeromagnetic anomalies. Ground reconnaissance established that the magnetic anomalies related to the banded magnetite unit(s), intersected by Pickands Mather. Limited soil and outcrop geochemical sampling failed to locate anomalous tin values. The mineralised intervals of the two Temma core holes were re-sampled and it was found that tin was not present at anomalous levels. However, tungsten values ranged from 30 to 250ppm and these were considered of possible significance.

7.1. CRAE & Geopeko – 1981 to 1982 – (EL1/77)

In 1981 Geopeko in Joint Venture (JV) with CRA Exploration Limited (CRAE) carried out exploration over EL1/77 (Rocky Cape) held by CRAE for tin, tungsten and base metals.

Geopeko carried out detailed investigation involving gridding, geological mapping, soil/rock geochemistry and geophysical surveys, over the magnetic anomalies at Nelson Bay River, possum Creek, and the Strickland Mine area. Additionally, reconnaissance magnetic surveys and geological mapping were carried out over ten other magnetic anomalies, which included the Rebecca Creek Magnetic Anomaly, and mineral occurrences in the area covered by an August 1980 aeromagnetic survey of the Temma area.

BARNEY'S COPPER STREAK AT TEMMA

"IT'S NOT ANOTHER NORTH LYELL — but could be close to it"

Little old Barney Williams, climbed out of the shaft he had started digging only a couple of weeks earlier and peered at me from under shaggy eyebrows.

"WELL, IF IT AINT THE WHALE-HUNTER RACE AGAIN!" HE EXCLAIMED AS WE SHOOK HANDS. "DON'T TELL ME YOU'RE RACE HERE LOOKIN' FOR ANOTHER MONSTER!"

Not before I could answer old Barney handed me a lump of yellowish rock he had brought up from the shaft. "Feel the weight at it, boy!" he said. "Heavy, a'w' it?"

"It didn't seem too heavy to me, but I said yes, it was new."

"I've had a heavy lot of stuff here, some yellowish things. These ain't nothing like it, however, and in fact, I want you to see it."

"Copper, boy, copper, and it's from the shaft. This is the best looking stuff I've ever had, heavy stuff."

HE looked at it in great awe, and then he took it to the top of the shaft where the rock had been.

"This is the kind of stuff that is worth looking for, but not on the West Coast. Always knew it was."

"Mind you, I ain't saying I'll be another North Lyell," Barney commented. "But it could be close to it."

I told him I was a wonder that didn't get an indication of the fact that the shaft was a few miles from the coast. Barney said, "I don't know, but I've been digging for a while now, and I've never seen anything like this before. It's a good sign, though, and I'll keep digging."

He then showed me some of the stuff he had brought up from the shaft. It was a lump of yellowish rock, and he said it was the best looking stuff he had ever had.

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Barney Williams takes old Nord or cheap in a game of 100 or 200 usually carries it.

Barney Williams, who has been digging for a while now, and he has never seen anything like this before. It's a good sign, though, and I'll keep digging.

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Advertisement for Stirling and Livingston Builders and Contractors. Includes a drawing of a house and text: "LET US QUOTE YOU NOW... NO JOB TOO BIG OR TOO SMALL... FINANCE IS AVAILABLE UP TO £1000... SPEND MORE ON YOUR HOME WITH — Stirling and Livingston Builders and Contractors 70 Wilmot Street - BURNIE - Phone 1494"

Advertisement for Moore's Carpets. Includes a drawing of a carpet roll and text: "MOORE'S £35,000 SALE We claim this is the Biggest Purchase of Carpets ever made in Tasmania 5000 Yards FLORAL AXMINSTER Wall-to-Wall Carpet FULL RANGE USUALLY 49'11 Yd. TO CLEAR 39'6 YD. INCLUDING COST of MAKING and LAYING"

Advertisement for Arthur W. Moore Carpets. Includes text: "42'6 YARD INCLUDES UNDERFELT Full range of Wool Pile Axminster Wall-to-Wall Carpets in Grey, Fawn, Mushroom in two-tone or floral and contemporary effect. Full stocks, not just odd yardage... Also a full range of bargains in Rugs, Co's Matting, Kitchen Matting, Carpet Runners, Continental Squares, Axminster Carpet Squares, 6ft. Wide Linoleum, Hearth Rugs, etc. ARTHUR W. MOORE 31 STEWART STREET DEVONPORT"

Advertisement for KERRY PINK. Includes text: "By KERRY PINK... I've been digging for a while now, and he has never seen anything like this before. It's a good sign, though, and I'll keep digging."

Advertisement for LOOK, MUM - NO CREW!. Includes text: "LOOK, MUM - NO CREW! TORONTO — CANADA, with our famous blue... I've been digging for a while now, and he has never seen anything like this before. It's a good sign, though, and I'll keep digging."



The shaft he had started digging only a couple of weeks earlier and peered at me from under shaggy eyebrows.

Source: The Advocate

Plate 2: Barney's copper streak at Temma

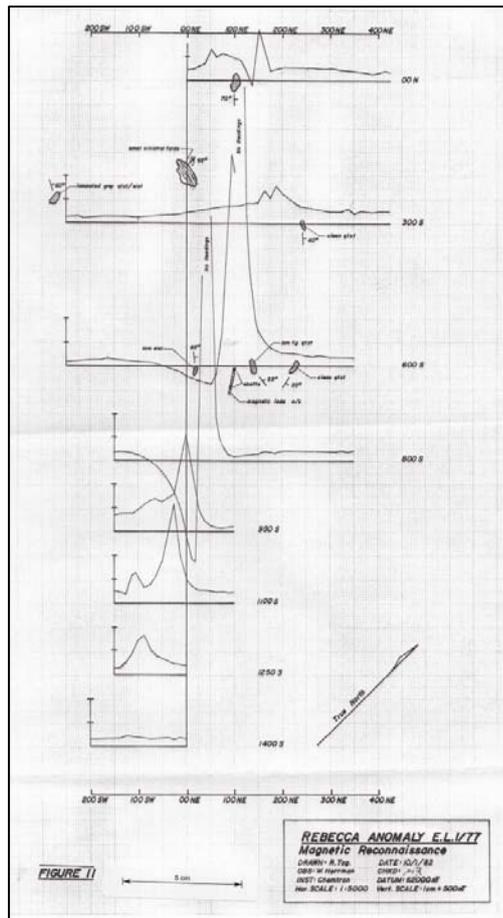
Rebecca Creek Anomaly Reconnaissance work

The Rebecca Anomaly is located at 307 800 mE, 5437500 mN). Geopeko gridded the area of the Rebecca anomaly (Figure 4) and carried out ground magnetic survey and collected 9 samples (KR 7433 to 7441). The anomaly is situated about 6 km NNE of Temma. Reconnaissance magnetics indicated a narrow, north-west striking anomaly about 1 km long. (Figure 5) The strongest response was noted around 6000 nT in the central part of the anomaly corresponding to an outcropping magnetite-quartz-pyrite lode not more than 2-3m in thickness. Analysis of magnetic profile on line 600 mS suggests the lode has a near vertical dip.



Source: Geopeko

Figure 4: Geopeko gridding over identified magnetic anomalies in NW Tasmania



Source: Geopeko

Figure 5: Rebecca Creek Reconnaissance Magnetic Profiles

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 6005. 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 magnetic-ferromag, but elsewhere occurs as massive pyrite/gossan in association with thick (5-10cm) vuggy quartz veins probably superimposed upon the magnetite lode. Strong chloritisation 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 up to 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)

Geopeko conclusions

From its work, Geopeko concluded that it 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 alteration (mainly chloritisation) is similar to other lodes in the field such as Nelson River and Possum Creek.

However, the Rebecca Anomaly has moderate size potential but metal values from the rock chip samples were particularly not inspiring.

7.2. Shree Minerals – 2009 – 2010

Shree Minerals was granted the tenement on 11 May 2009. Due to the Company's main concentration in developing the Nelson Bay River Magnetite no work at Rebecca Creek was carried out.

8. WORK PERFORMED

During 2010/11 the following tasks were undertaken:

8.1. Literature search

Over the years vast amount of exploration work has been carried out in the North Western part of Tasmania by private companies as well as Tasmanian Gov. Geologists. During the report period a review of the available information was carried out. With the exception of Geopeko (Herrmann, W. & Sumpton, J. 1982 EL1/77 - Progress Report; TCR 82_1721) no other company has done any work. However, with its work on Rebecca Creek, Geopeko has concluded that *the Rebecca Creek Anomaly has moderate size potential but metal values from the rock chip samples are particularly not inspiring.*

8.2. Geophysical study

The study was carried out by Dr. Duncan Cowan of Cowan Geodata Services, Geophysical Consultants and is based on aeromagnetic/radiometric data collected by Tesla Airborne Geoscience Pty Ltd as a part of a semi-regional (Arthur-Pieman) airborne survey covering the area of interest in 1996. As the Rebecca Creek tenement is contiguous with EL41/2004 (Nelson Bay River) and forms part of the Company's Nelson Bay River Iron Project the study by Cowan Geodata did cover the Rebecca Creek area in the study. Study details were submitted with EL41/2004 Annual Report as Appendix V.

8.2.1. Survey technical background information

The survey was flown along east west lines with 200 m line spacing at a nominal flight height of 90 m, using a Cessna 210 platform. Tie line spacing of 2000 m. Navigation was GPS utilising a Novatel 951R GPS receiver, differentially corrected in real time. The magnetometer system was a Scintrex CS-2 cesium vapour magnetometer with 0.001nT resolution and an AADC compensator operating in real time. The magnetometer was sampled 10 times a second corresponding to approximately 7 m sampling

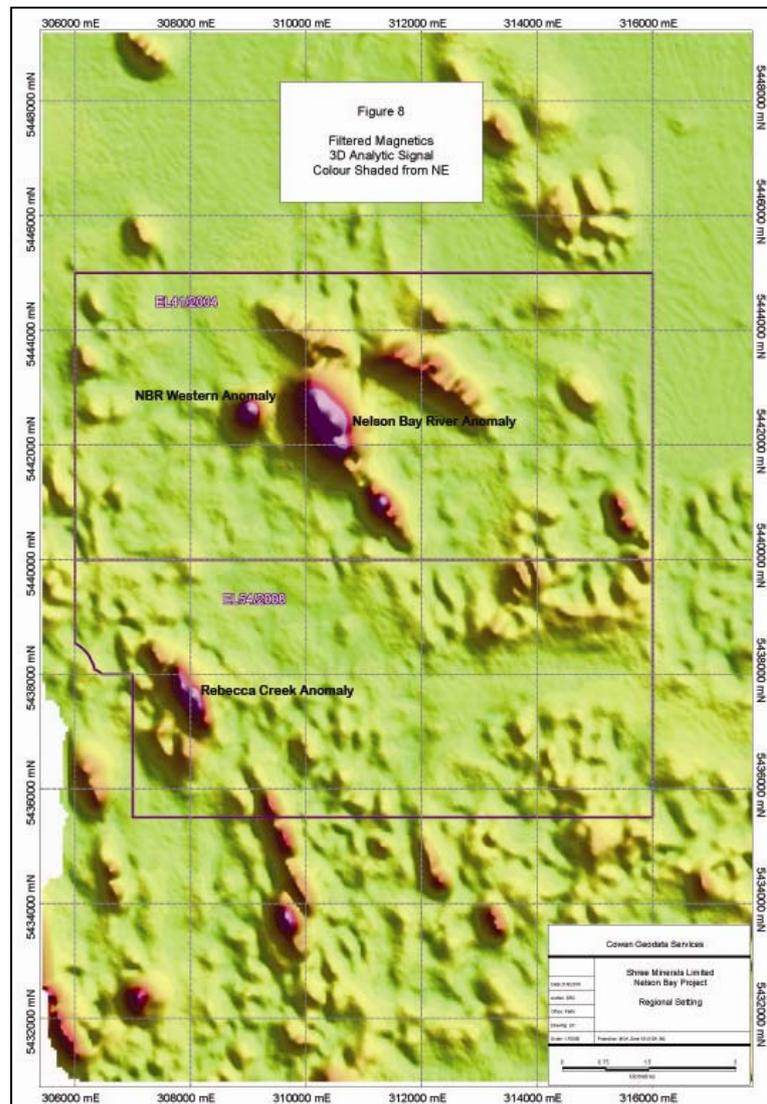
The Exploranium GR-820 gamma ray spectrometer used 33.6 litres of detector crystal. The spectrometer sample interval was 1 second, corresponding to 70m sampling.

The field strength is approximately 61900 nT, inclination is 72° and declination -12°. Average terrain clearance was 72 m with a range of 63 to 137 m. The located data were gridded at 50 m mesh size using bi-directional spline gridding.

Quality Control (QC) on the airborne data revealed few problems apart from some minor level issues, seen as flight line striping. The process of removing the flight line noise is called "decorrugation" and was corrected by wavenumber filtering.

8.2.2. Magnetic Anomalies of Nelson Bay River Iron Project

As per Dr Cowan, the available semi-regional aeromagnetic data are not really suitable for prospect scale interpretation but help to provide a framework (Figure 6)



Source: Cowan Geodata

Figure 6: Filtered magnetics 3D Analytical Signal – NBR Iron Project

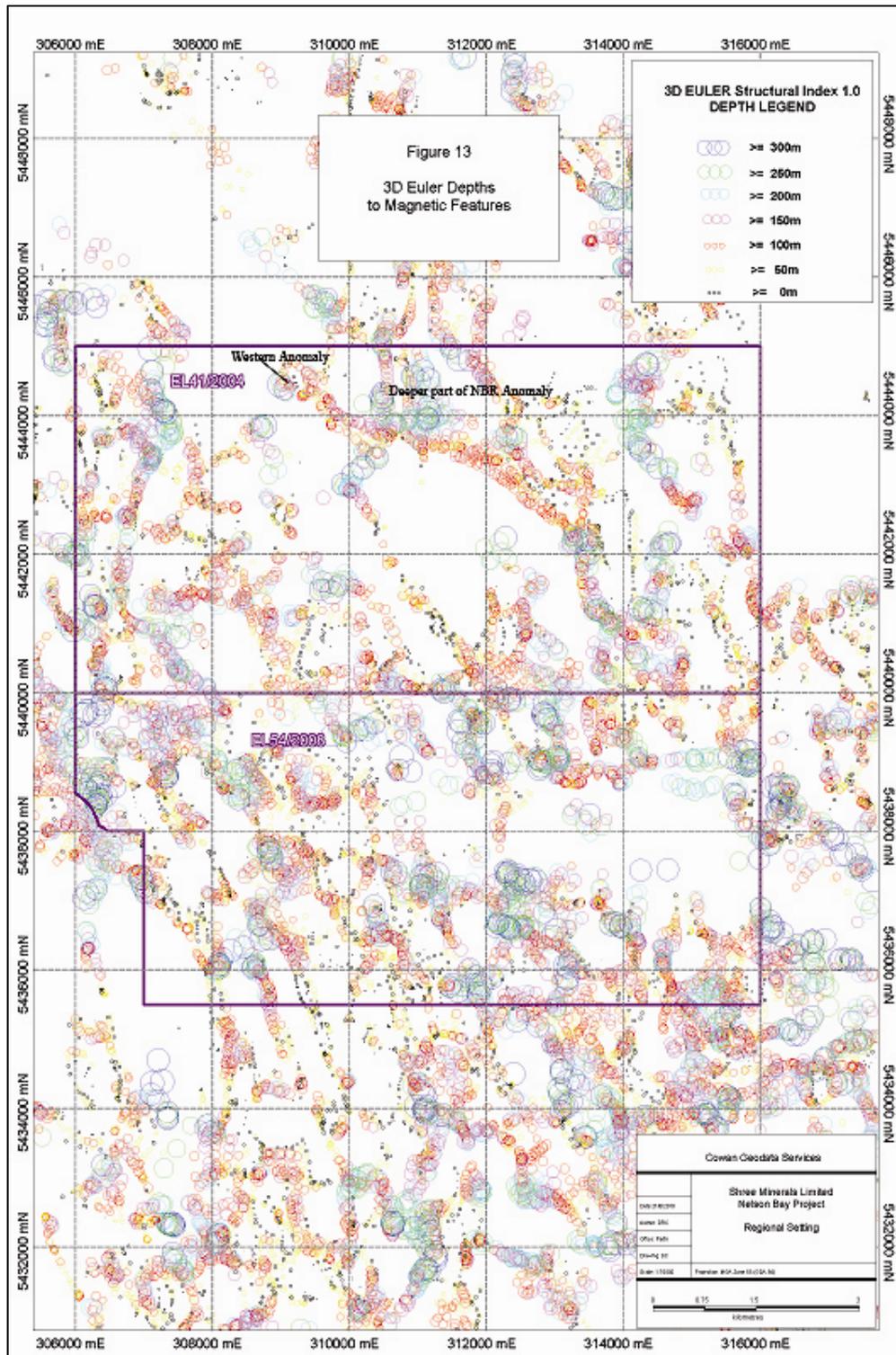
8.2.3. Study findings

Modelling/inversion of selected anomalies indicates significant variation along the strike length of the deposit. Some profiles require the addition of a deeper body below the shallow iron deposit. Depth extent estimates are also variable with some anomalies indicating limited depth extent but others indicating an infinite depth tabular body (Figure 7).

8.2.4. Criteria for identifying possible iron ore targets:

- Local magnetic highs, especially those adjacent to major dykes
- Changes in magnetic anomaly amplitude along strike as the hematite/magnetite ratio varies.
- Subtle increase in estimated depth to magnetic source because the host magnetite deposit is deeper because of the oxidized layer.
- Tight folding and sheath folds interpreted from high-resolution aeromagnetic data may indicate favourable fold closures. Mineralized areas are generally more structurally complex than neighbouring unmineralised areas

Major faults interpreted from aeromagnetic data may indicate favourable structural settings, especially where magnetic interpretation indicates magnetite destruction.



Source: Cowan Geodata 2010

Figure 7: 3D Euler Depths to Magnetic Features – NBR Iron Project

9. EXPENDITURE

Table 1 Tenement Expenditure As At 10 May 2011

Activity	Expenditure (\$)
Literature search	2000
Geophysical consultant	1000
Administration & report writing	5000
Miscellaneous (Travel, freight, material purchase, etc)	200
Total	8200

10. OUTLOOK

The magnetic character, mineralogy and wall rock alteration (mainly chloritisation) at Rebecca Creek is similar to other lodes in the area, e.g., Nelson Bay River and Possum Creek anomalies.

Moreover, the Rebecca Creek Anomaly is a part of the Nelson Bay River Iron Project and in the Company's view has potential to supply substantial iron ore resources. Therefore, for the 2011/12 the following work is planned:

Line cutting;
Ground magnetometer survey;
Geochemical sampling;
Geological mapping; and
Possible RC drilling.

11. REFERENCES

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