SHREE MINERALSLIMITED

ACN 130 618 683

ANNUAL REPORT FORTHE PERIOD 19.11.2010 to 18.11.2011

Mt SORELL - EL42/2008

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SUMMARY

The Mt Sorell tenement (EL42/2008) is located 20 km south of Queenstown in the west coast of Tasmania.
The tenement lands and environs are considered prospective for structurally controlled gold mineralisation, similar to that occurring at the Henty Gold Mine and for Cambrian VHMS style mineralisation of Hellyer-Rosebery type.

During 2010/11 a geophysical study using aeromagnetics and radiometric data from public domain was carried out. The study defined 6 preliminary targets. During 2011/12 these targets are planned for examination.

1. INTRODUCTION

The Mt Sorell tenement (EL42/2008) is located 20km south of Queenstown and covers the Middle to Upper Clark River catchment from the eastern slopes of Mount Sorell to the western slopes of the Darwin Plateau (Figures 3 and 4).

The geological setting of Mt Sorell tenement (EL42/2008) is considered prospective for structurally controlled gold mineralisation, similar to that occurring at the Henty Gold Mine and for Cambrian VHMS style mineralisation of Hellyer-Rosebery type.

This report summaries the work performed from 19 November 2010 to 18 November 2011; details are given in Appendices I – II

2. AIM

Exploration for VHMS style base metals and structurally controllled gold resources.

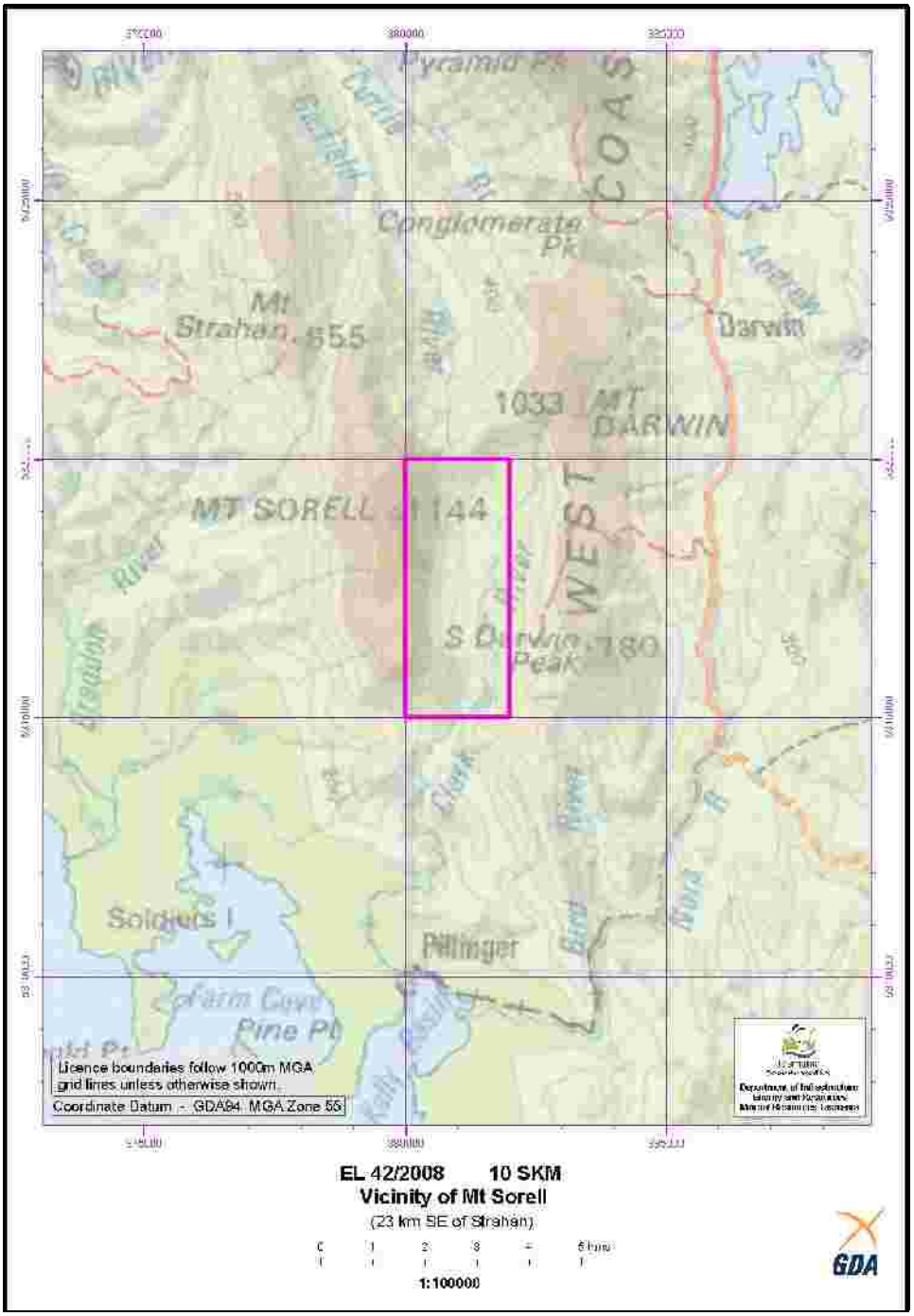
3. LOCATION AND ACCESS

The tenement covers an area of 10 km^2 and is located along the Clark River between the eastern slopes of Mt Sorell and the western slopes of Darwin Plateau about 20 km South of Queenstown and 23 km SE of Strahan, NW 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). The topography of the tenement is rugged and is covered with thick forest, making access tracks clearance difficult.

From Queenstown access to the tenement is via the new HEC road from Lynchford over Jukes Saddle to Crotty, or from the Crotty Road, 10 km east of Queenstown on the Lyell Highway. The Kelly Basin Road (unsealed) continues south from Crotty. 6 km south of Crotty a 4WD track heads west with one branch going to East Darwin and the other up to Intercolonial Spur. This route was used to access the Intercolonial Spur to Upper Lake Jukes section of the tenement area in 1987. The nearest 4WD track passes 3km to the east (Figure 1).

Due to the relative remoteness of the area and its distance from infrastructure initial access by helicopter will be the easiest route to adapt.



Source: MRT

Figure 1: Tenement (EL42/2008) location and acess

4. EXPLORATION RATIONALE

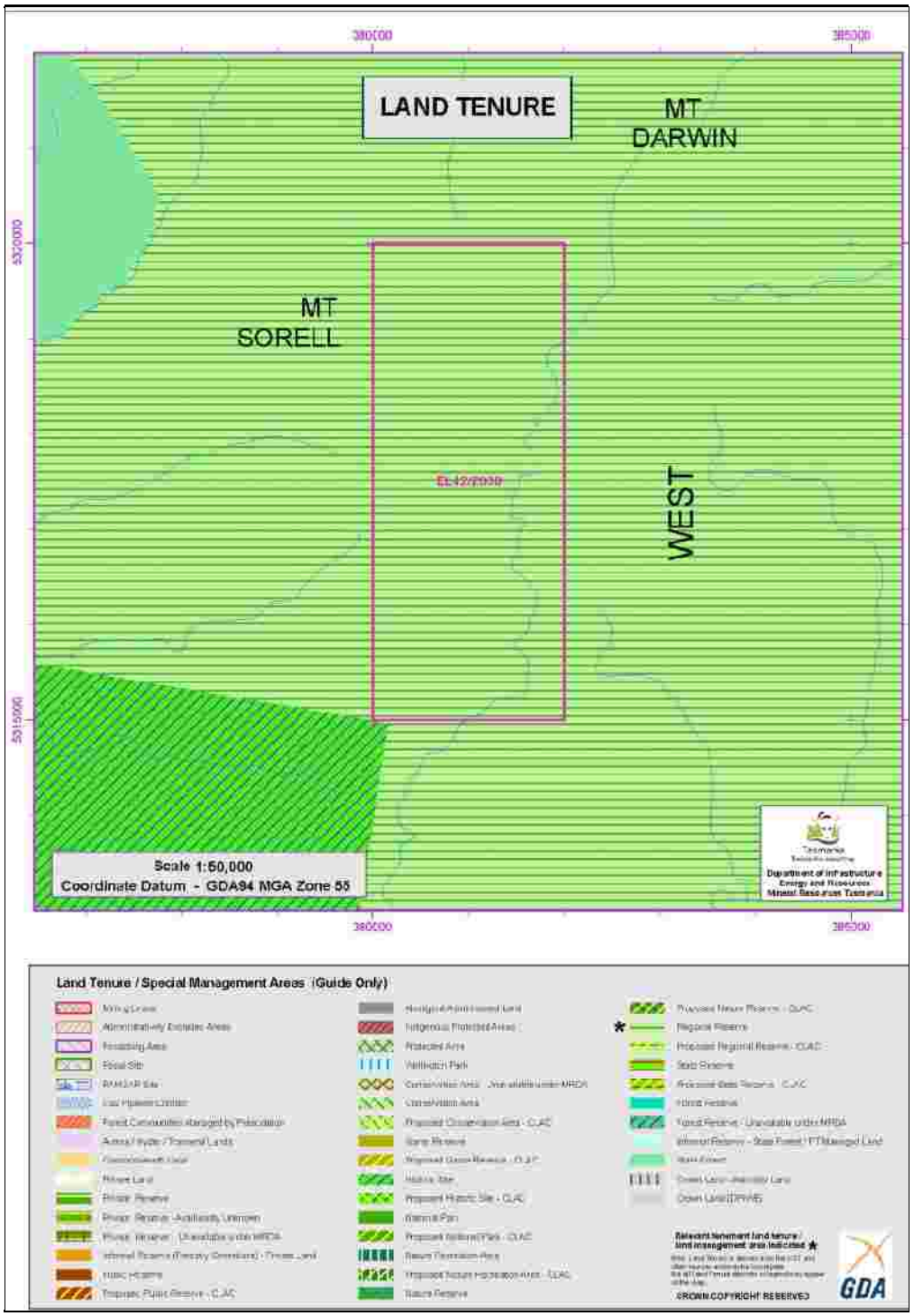
The tenement covers a significant portion of the highly prospective Cambrian rocks assigned to the Central Volcanic Complex and the 'Western Sequence' of the Mount Read Volcanics (MRV).The MRV rocks along with the overlying Tyndall Group host a variety of significant mineral occurrences in the region:

1. Zinc - volcanogenic-hosted massive sulphide deposits, e.g. Hellyer, Que River, Rosebery, Hercules and Tasman Crown; the Clarke valley part is considred potential for VHMS Pb/Zn mineralisation
2. Copper - Mt. Lyell style mineralization; and

3. Gold - Henry style mineralization hosted by the Tyndall Group units at Mt Sorell.

5. TENEMENT STATUS

The tenement, EL42/2008 (Figures 1) covers an area of 10 sq kms (5315000 – 5320000 mN to 380000 – 382500 mE) and was granted on 18 November 2008 for 5 years. The tenement is 100% owned by Shree Minerals Ltd. The tenement Land Tenure is shown in Figure 2.



Source: MRT

Figure 2: Tenement (EL42/2008) Land Tenure

The coordinate datum for the licence is based on AGD 1994, AMG Zone 55.
The tenement boundary points are defined as follows:

Commencing at the north west corner at grid coordinates 380 000 mE/5 320 000 mN thence grid east to 382,500 mE grid south to 5,315,000 m N grid west to 380,000 m E aforesaid thence grid north to the point of commencement.

6. GEOLOGICAL SETTING

The area is within the southern extremity of the Cambrian–aged Mount Read Volcanics ((MRV), a world class base metal province containing the Hellyer, Rosebery and Mt Lyell deposits. The MRV lie within the Dundas Stratotectonic Element whereby the initial, post-collisional, subduction-related sedimentation occurred in the Middle to early Late Cambrian and was dominated by substantial amounts of felsic to intermediate volcanics and associated volcanoclastic sedimentation. This was followed in the Late Cambrian by a phase of rift-related coarse siliciclastic sedimentation, which led into a long period of stable marine carbonate/clastic sedimentation that was terminated by the Middle Devonian Tabberabberan Orogeny. There is a strong Devonian structural overprint for this element compared to the Rocky Cape Element due in part to Devonian-aged granitic intrusions.

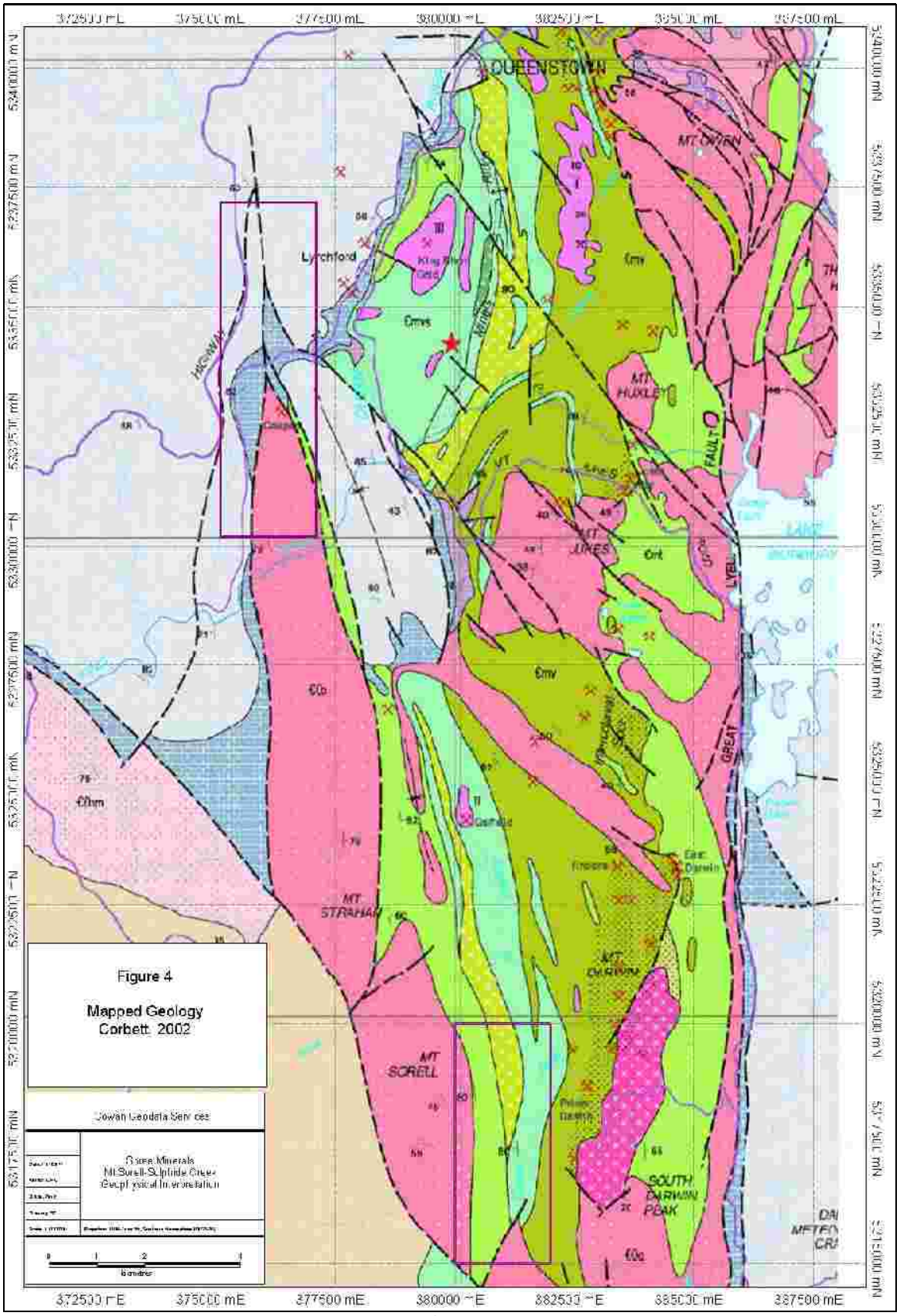
6.1. Regional Geology

The oldest rocks in the area are Central Volcanic Complex (CVC), feldspar phyric rhyolitic-dacitic lavas, which are interbedded with narrow bands of black siltstone and are locally intruded by the Cambrian Darwin Granite. Hematite-magnetite veining is present and the sequence has been sheared and metamorphosed to lower greenschist facies. Disseminated copper mineralisation is associated with this sequence on the crest of the West Coast Range, adjacent to the Darwin Granite.

To the west, the CVC interfingers with and largely overlain by the Western Sequence. The Western Sequence is composed of a succession of quartz feldspar phyric rhyolitic lavas, mica-bearing sub-volcanic sills, epiclastics, and mass flow crystal-rich volcaniclastics.

Tyndall Group volcaniclastic conglomerates conformably overly the Western Sequence on the lower slopes of Mount Sorell. Minor volcaniclastic sandstone and siltstone are present in this sequence to the north. The conglomerates form a distinctive magnetic unit with magnetic intensity apparently decreasing to the south.

Regional geology of the tenement area is shown in Figure 3.



Source: MRT

Figure 3: Regional geology map

6.2. Local Geology

The geology of the Mt. Sorell licence is made up of north-south striking, west facing, conformable Cambrian volcanics and volcanoclastics overlain by a Cambro-Ordovician sequence of coarse siliciclastics (Figures 3 and 4). The main Cambrian volcanic components include the felsic volcanics of the Central Volcanic Complex ("CVC"), quartz feldspar porphyry of the 'Western Sequence' and volcanic derived sediments of the Tyndall Group. A major north-northwest striking fault in the southwest of the property abuts Ordovician conglomerates against Tertiary sediments. A small patch of Quaternary cover occurs in the centre of the licence masking the contact between the Tyndall Group and the underlying quartz feldspar porphyry of the 'Western Sequence'. There is a dominant north-northwest fabric attributed to the regional Devonian cleavage and a major northeast striking fault, the Clark Fault, occurs in the southeast corner of the licence. This fault is believed to separate two distinct stratigraphic regimes and may be indicative of a syndepositional fault which has relevance to the mineral exploration model for a Hellyer-type deposit as well as having potential to be part of a major structural system that can host gold and/or gold/copper mineralisation. The Darwin Granite intrusion lies 2km to the east of the licence.

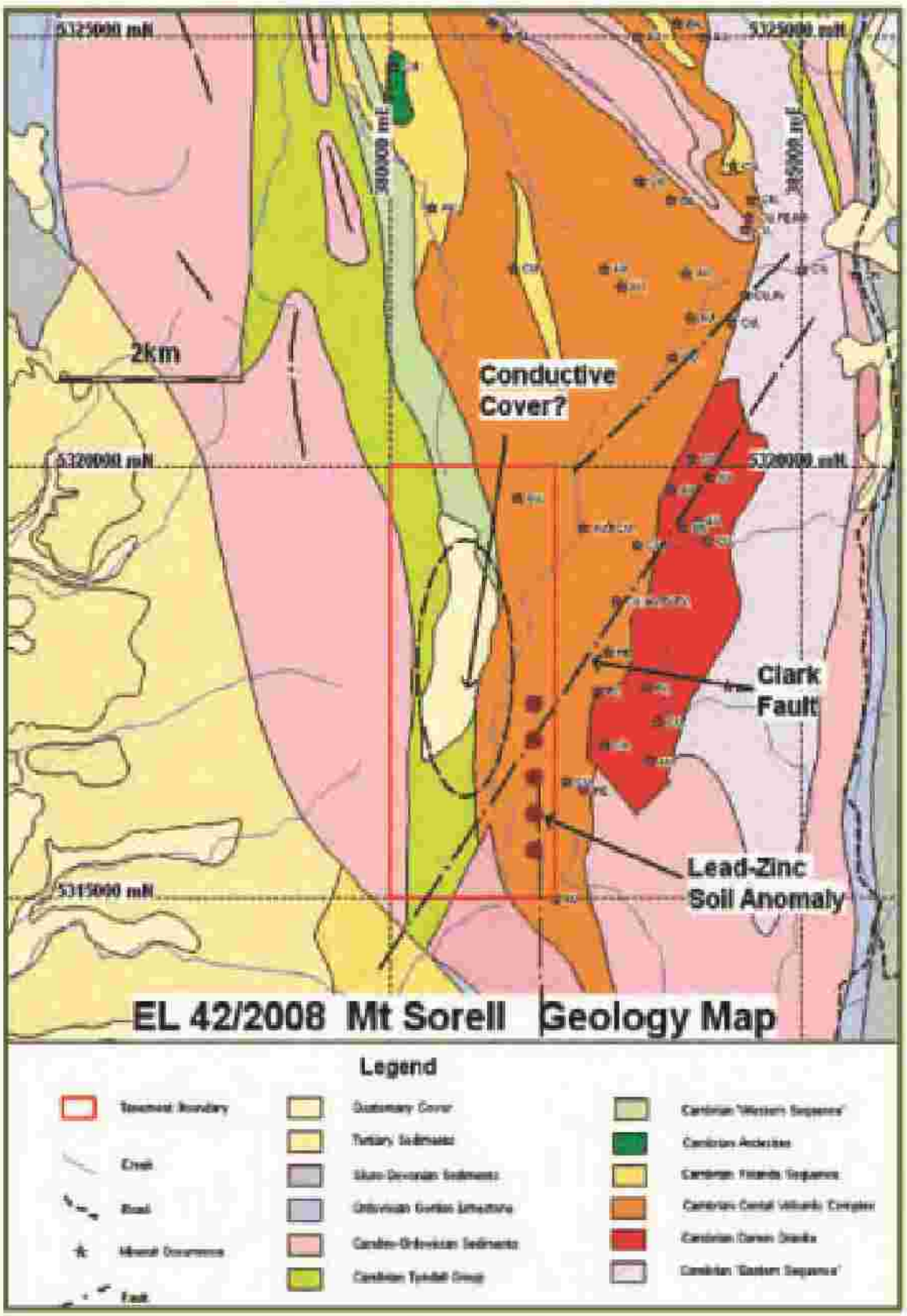
Siliciclastic conglomerate and sandstone of the Owen Conglomerate conformably overlies the Tyndall Group on the lower slopes of Mount Sorell. In the southeast of the licence, Owen Conglomerate and Gordon Limestone form a south plunging anticline and appear to directly overlie the CVC.

A poorly understood sequence of **volcaniclastics/epiclastics** is mapped in the Lower Clark Valley (Lewis 1995). This package has been correlated with the Western Sequence and is covered by Tertiary sediments to the southwest.

There are two gold mineral occurrences on the property, one is called Slate Spur and the other is unnamed. Just north and east of the tenement boundary is a series of gold and copper occurrences within the same CVC rocks.

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 5315600 mN to about 5317000 mN and marks the transition from feldspar phyric to quartz-feldspar phyric volcanics. Five soil geochemical samples over a strike length of 1000 m define a distinctive soil geochemical unit within this shale sequence (Figure 4).

The five samples are characterised by high Fe_20_3 (av. 17.8%), Ti (8500 ppm), P_2O_5 (0.4%), V (374 ppm) and Co (30 ppm), high Ti/Zr (32.9) and moderate $P_20_5/Ti0_2$ (0.30) which suggests that this may be a geochemical Suite II type andesite or basalt (Figure 4). As per Lewis (1995) the package appears to be terminated to the south by a large dextral fault zone.



Source: MRT

Figure 4: Tenement (EL42/2008) and environs geology map

7. PREVIOUS EXPLORATION

Modern exploration over the Mt Sorell tenement and environs began in 1956-57 when Mount Lyell flew a helicopter EM-magnetic survey over the Middle Clark Valley between 5315000 to 5317684 mN and 380210 to 382500 mE.

From 1968-75 reconnaissance exploration for Rosebery style VHMS resources was conducted by BHP-EZ on EL13/65, which included a helicopter TURAIR magnetic survey, mapping and limited stream sediment sampling of the Upper Clark Valley.

In 1978 the area was taken up by Mount Lyell as EL21/76. In the same year this was merged into an enlarged EL9/66. Exploration work included gridding, geochemical sampling of stream sediments, soil and rock chips, and IP and ground magnetic surveys. From this work anomalies were defined and attributed to black shales (Hutton 1978).

From 1983-1989 parts of the area were held as EL31/83, EL6/85 and EL30/87 by Cyprus- Amoco, EZ and New Holland Mining NL respectively, but no exploration work was carried out.

In 1989 with the grant of EL55/89, BHP returned to the area. This was combined for reporting purposes with an adjacent EL102/87 covering the Garfield Valley and areas to the north. Exploration was primarily directed towards the VMHS style Pb/Zn mineralisation, with particular emphasis on the Western Sequence. A large 200 m spaced grid was established over the Garfield Valley and Upper Clark Valley areas and geological mapping and some rock chip sampling was carried out.

In 1990, a Blanket UTEM survey covering the CVC Western Sequence - Tyndall Group interval as far south as 5317600 mN grid was carried out. No anomalies attributable to massive sulfides were recognised in the Clark Valley (Cameron & Read 1991).

In 1991, RGC Exploration (RGCE) re-entered the area as joint venture partners to BHP on EL55/89 and EL102/87. RGCE focus was on establishing a detailed understanding of the geology through a multi-disciplinary approach, with the aim of recognising particular stratigraphic targets and extended the Clark Valley grid south to 5315000N and carried out soil and rock chip sampling and mapping (Halley 1994).

From 2004 – 06 an area of 23 sq kms area (as EL38/2004) in the vicinity of Mt Sorell was explored by Zinico Resources; Zinico changed its name to Zelos Resources NL and later on to Gujarat NRE Resources NL on 23 November 2006.) The licence was granted on 1st March 2004 for a five year term. The Company carried out geophysical interpretation, gridding of 21cross lines of 500m spaced at 100m apart off a 2km long N-S baseline, 'ground truthing' of airborne electromagnetic anomalies and geochemical sampling. The work provided no positive results.

On 18 November 2008 in the vicinity of Mt Sorell 10 sq Kms area as EL42/2008 was granted to Indo Australian Consulting Group Pty Ltd (IACG Pty Ltd) for a 5 years period. Due to hard land access (i.e. requiring costly helicopter support), unavailability of experienced technical staff willing to camp out under difficult

conditions and limited weather window (summer) for work, in 2008-9 no field work was carried out. In 2009 the area was transferred to Shree Minerals Ltd. Shree due to its commitments to its advanced Nelson Bay River Iron Project and earlier given reasons could not carry out any exploration work.

8. WORK PERFORMED

In July 2011 study of public domain aeromagnetic and radiometric data covering Sulphide Creek (EL43/2004) and Mt Sorell (EL42/2008) tenements in northwest Tasmania was under taken by Cowan Geodata Services - Geophysical Consultants. The two areas are clearly located along the Harvey Creek Fault so have been interpreted together to set the regional picture. The Harvey Creek Fault system can be traced along strike for at least 35 km and is clearly a major fault.

The study involved enhancement of magnetic signatures utilising the latest data enhancement and analysis techniques, estimation of magnetic source depths and mapping of major magnetic elements and lineaments.

Both aeromagnetic and radiometric data are used in the study, as both play an important role in the interpretation. The aeromagnetic data provide definitive structural information, showing the continuity of the Harvey Creek Fault system from Sulphide Creek to Mt Sorell and highlighting a linear magnetic high in the west of the Mt Sorell tenement which is a potential gold target. The radiometric data provide better lithological information than the magnetics, especially at Sulphide Creek where there is limited response from the sediments. The study report is attached as Appendix I.

8.1. Survey technical background information

The helimag/radiometric survey was flown along east–west lines with 200 m line spacing at a nominal flight height of 80 m. Tie line spacing was 2000 m. The magnetometer was mounted in a forward pointing boom in a Bell 206 helicopter platform. Navigation was GPS, differentially corrected in real time. The magnetometer system was a Geometrics G822A 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 75 m with a range of 45 to 142 m. The located data were gridded at 50 m mesh size using bi-directional spline gridding.

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. Study findings

Based on aeromagnetics, airborne radiometrics, structural interpretation and available geochemistry a number preliminary targets have been identified. The target locations, types, characteristics, etc., are listed in Table 1 and locations are shown in Figure 5.

Targets MTS-001 and MTS-002 are local magnetic highs along the linear magnetic high within the Harvey Creek fault. In fact, the entire zone is probably a target for gold, especially the shallow high amplitude, western anomaly. The high amplitude magnetic anomaly trend in EL42/2008 is mainly within mapped Tyndall Group but crosses over into Owen Conglomerate along strike. The shallow magnetic anomaly corresponds in part to the Jukes Breccia; ***Google Earth photography shows extensive outcrop and evidence of a vertical fault scarp*** so field checking should be relatively easy. The magnetic anomaly also corresponds to a potassium high zone. The critical issue is whether the coincident magnetic/potassium anomaly zone is due to breccia derived from the central Volcanic Complex or whether it is a fault breccia. In any case, assuming mineralisation is Devonian, the Harvey Creek Fault zone is a potential gold target.

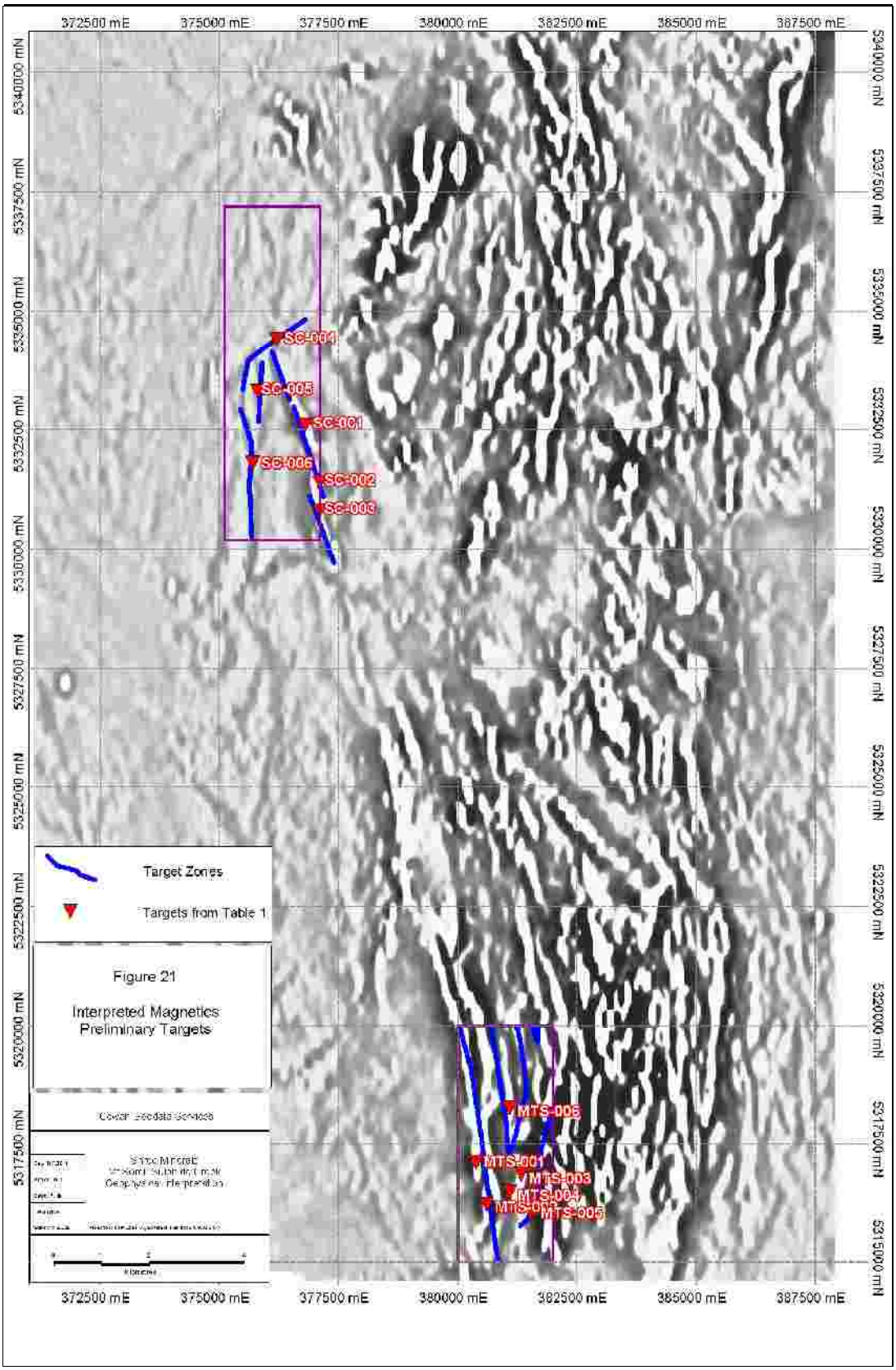
Target MTS-003 is a discrete magnetic high within the Western sequence and may be associated with an andesite body.

Target MTS-004 is within a base metal target zone (Pb, Zn), following a black shale unit along the contact between Central Volcanic Complex and Western Sequence. The zone corresponds to a magnetic low zone over Western Sequence stratigraphy. Available geochemistry shows slightly elevated Zn and Cu values along this trend, up to 185 ppm Zn with 40 ppm Pb. The entire strike length of the black shale is probably a base metal target

Target MTS-005 is part of a linear magnetic anomaly trend within porphyry of the Western Sequence. The magnetic anomaly is close to the contact with the overlaying Tyndall Group. The entire strike length of the porphyry unit is probably a Cu target.

Table 1: Tenement (EL42/2008) Geophysical Targets

Mt Sorell Tenement Geophysical Targets							
	Location (m)		Target		Characteristics		
Target ID	Easting	Northing	Priority	Type	Magnetic	Fault	Potassium
MTS-001	380385.0	5317104.0	Moderate	Au	High	Yes	High
MTS-002	380605.0	5316217.0	Moderate	Au	High	Yes	High
MTS-003	381327.0	5316852.0	High	Cu-Au	Moderate	No	Low
MTS-004	381098.0	5316490.0	Low	Cu-Zn	Moderate	No	High
MTS-005	381546.0	5316052.0	Moderate	Pb-Zn	Low	Yes	High
MTS-006	381088.0	5318257.0	Moderate	Cu-Au	Moderate	Yes	Low



Source: Cowan Geodata

Figure 5: Mt Sorell Geophysical Targets

8.1. Comments and recommendations

The entire length of the Harvey Creek Fault at Sulphide Creek and adjacent fault systems are considered to be gold and base metal targets, especially if the low amplitude linear magnetic anomaly trend proves to be Mount Read Volcanics within the fault zone.

As a first step, a comprehensive phased program of integrating the magnetic and radiometric results with surface mapping is recommended. Getting Simon Tear to carry out a desk study of Mt Sorell, similar to Sulphide Creek would be useful. This should be supported by susceptibility measurements on outcrop and a geochemical program in the west of the EL42/2008 (Mt Sorell) tenement. Both wacker and stream sediment sampling would be useful.

9. DISCUSSION AND CONCLUSION

Work done by various agencies, including Cowan Geodata recent geophysical study of the Sulphide Creek to Mt Sorell tenements and environs suggest that the area is prospective for VHMS style base metal and structurally controlled gold mineralisation.

The initial target is for volcanic hosted massive sulphides deposit e.g. Rosebery, Hellyer etc., within the Cambrian volcanics that corresponds to the Aberfoyle-reported zinc soil anomaly.

Another target for the licence is structurally controlled gold mineralisation related to major faulting perhaps similar to the invoked epithermal style of Cu/Au mineralisation at Mt. Lyell. There is a substantial occurrence of Quaternary material overlying part of the Tyndall Group contact with the CVC. It is possible that this unconsolidated material is some form of residual product of strongly altered volcanic rocks.

The strong alteration could be a hydrothermal halo associated with buried copper and/or gold mineralisation. A subsidiary target comprises Henty-style gold mineralization associated with the Clark Fault (or similar faults) and the Western Sequence-Upper Tyndall Group contact, the latter of which corresponds to the stratigraphic position for the Henty gold deposit. The Henty Gold Mine is hosted by rhyolitic lavas and volcanoclastics of the Tyndall Group. Mineralisation consists of Late Devonian-aged gold and minor sulphides within an intensely brecciated silicified zone in the footwall of the north-northeast striking, west-dipping Henty Fault. Surrounding the silicified zone is quartz-sericite-sulphide alteration with low grade gold mineralization around 1g/t. A recent publication by MRT suggests significant exploration potential exists where the Tyndall Group covers the top of the CVC unit.

Reports indicate a strong structural control to the Henty gold mineralization which may be expanded to include other similar styles of gold mineralization e.g. Ridgeway, Sulphide Creek. These targets are conceptual in nature.

10. WORK PROGRAM -2010/12

In shree's view the Mt Sorell tenement has lot of potential. During 2011/12 depending on the availability of sutiable technical staff and weather conditions every effort will be made to examine the 6 targets defined by the Geodata geophysical study. Additionally, to strengthen the task a technical study similar to what was carried out for Sulphide Creek tenement by a geoscientist experienced in the area will be attempted too.

11. REFERENCES

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APPENDIX I

SHREE MINERALS LIMITED

SULPHIDE CREEK - MT SORELL AEROMAGNETICS/RADIOMETRICS REPROCESSING AND PRELIMINARY INTERPRETATION

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APPENDIX II

List of appended digital data files

EL422008_201110_01_Digital_Files.txt
EL422008_201110_02_Annual_Report.pdf
EL422008_201110_03_Geophy_Report.pdf
EL422008_201110_04_Geophy_Report_Fig01-Fig21-MTS-SC.pdf