



# SHREE MINERALS LTD

**ASX Announcement**  
29 April 2021

ASX Code SHH

ACN 130 618 683

## COMPANY DIRECTORS

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## Quarterly Activity Report Period ending 31<sup>st</sup> March 2021

### Highlights

- **Exploration (Fieldwork) commences at the Turondale Project in the World Class Lachlan Fold Belt, NSW**
- **Draft DPEMP (“Development Proposal & Environment Management Plan”) submitted to EPA as part of re-permitting efforts of the direct shipping Iron ore (“DSO”) project at Nelson Bay River Iron Project (“NBR”)**
  - Firm Iron Ore prices with favourable outlook.
  - Mine in ready state to recommence production at short notice with existing development in place.
- **Oversubscribed Placement Raises \$3,000,000**

## Turondale Project

Shree Minerals Ltd (“Shree” or “SHH” or the “Company”) is pleased to announce that fieldwork has commenced at its 100% owned Turondale Project (Exploration Licence 9017) in the East Lachlan Fold Belt, NSW. The project covers an area of 129.9 km<sup>2</sup> and is located 15km north of Bathurst, illustrated in Figure 1.

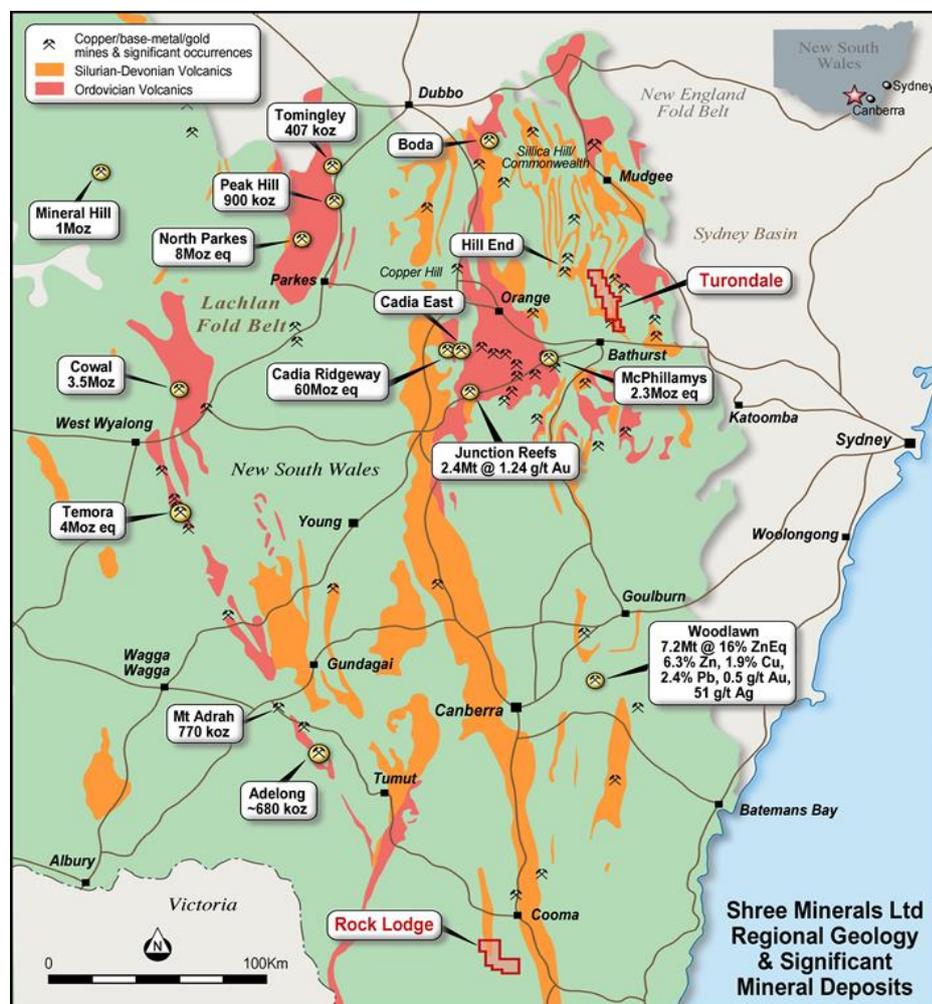


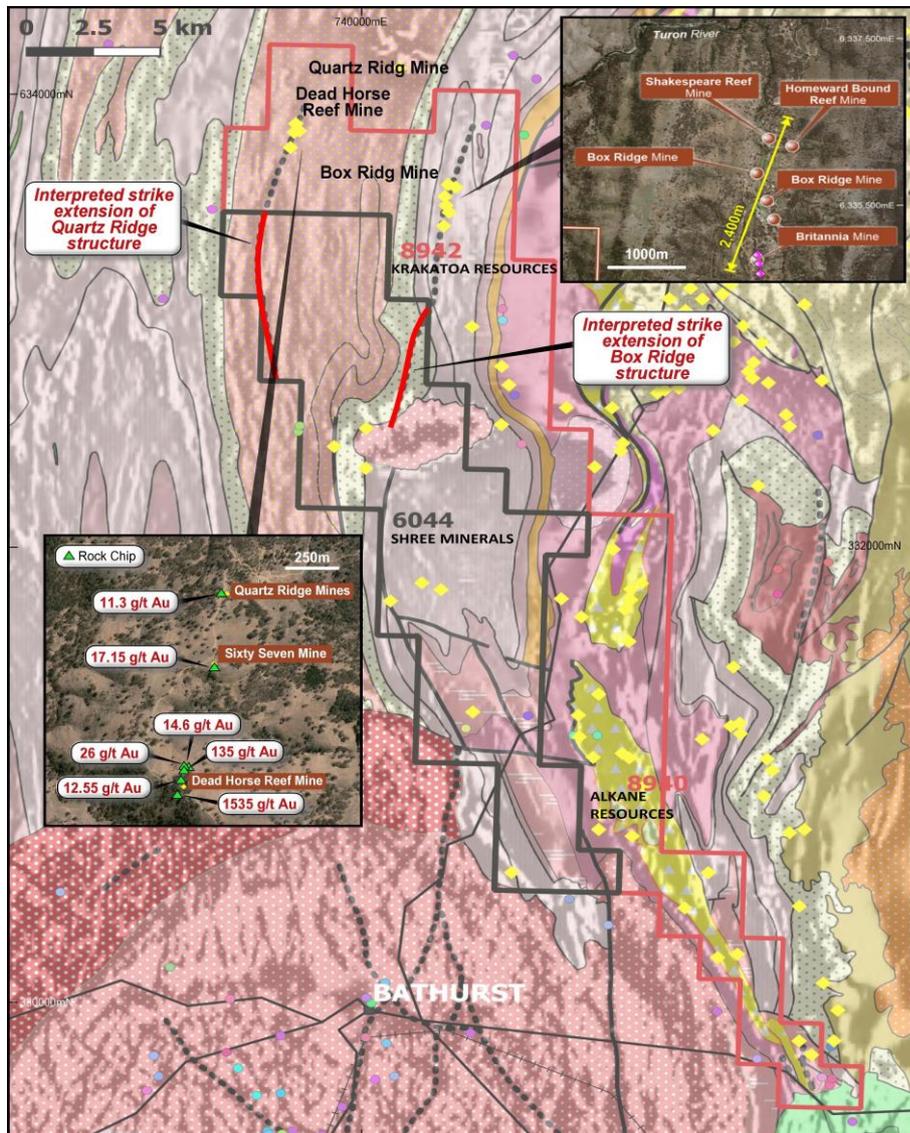
Figure 1. Regional location, Turondale.

### Exploration Targets:

Shree completed a review of previous exploration at the Turondale Project and conducted an interpretation and target generation study (refer ASX announcement of 8th September 2020).

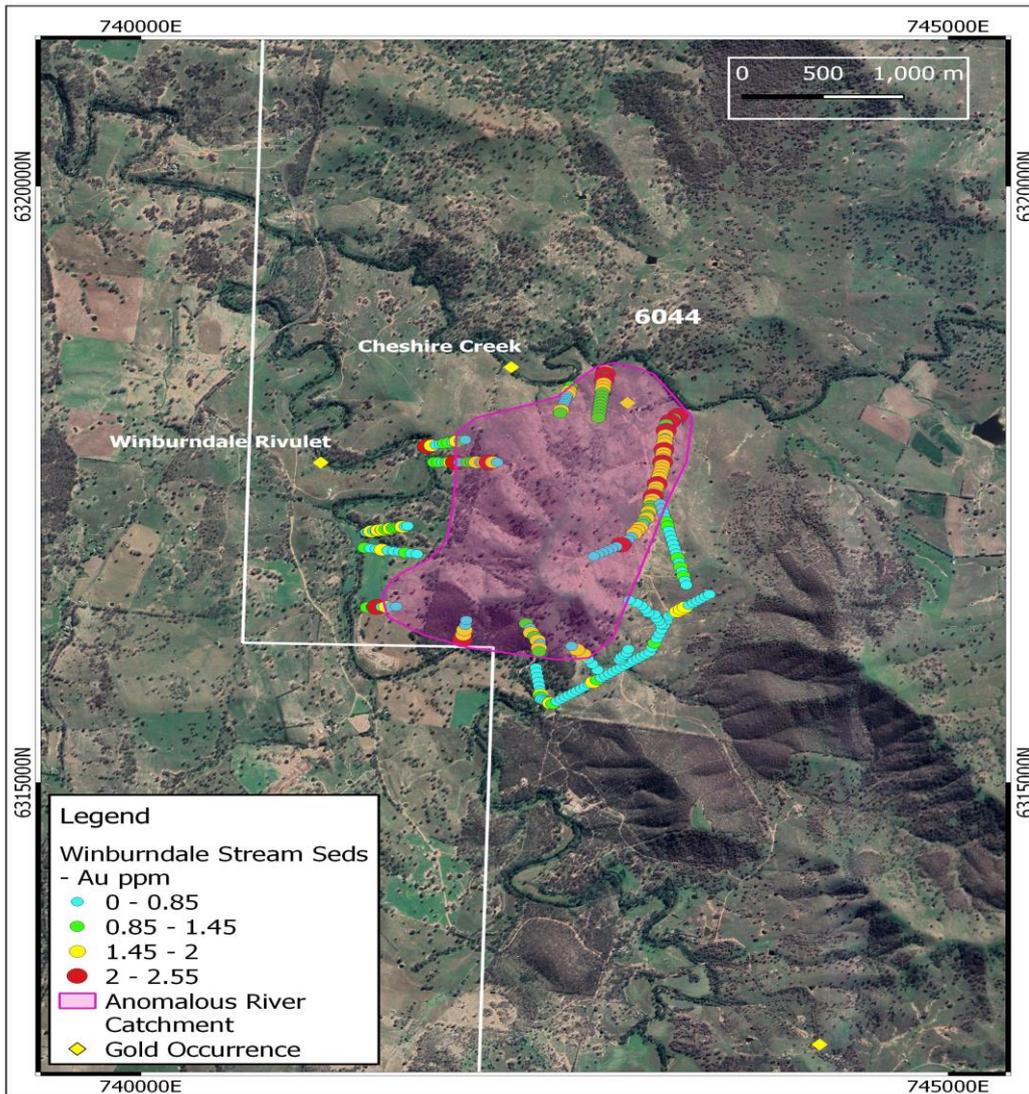
Two priority target areas have been identified (Figures 2-3). The first target area covers possible extensions of the historic workings at the Quartz Ridge and Box Ridge prospects held by Krakatoa Resources (ASX:KTA). These prospects are typical gold bearing quartz reefs of the Hill End Trough. Gold mineralisation is hosted in north-south trending ‘pinch and swell’ quartz veins within folded volcanics and sediments. The quartz veins have widths ranging from 0.3m to 3m and extend up to 2.4km along strike (Derriman, 2014). The Quartz Ridge Reef was mined pre-1878 with shallow shafts, pits and drives. Very high-grade rock chip sample results have been reported from sampling

of the Quartz Ridge Reef – Dead Horse Reef (Figure 2). RC drilling (often prematurely terminated) intersected 2m @ 6.5 g/t Au from 30m, including 1m @ 10.4 g/t Au.



**Figure 2:** Composite image of the Turondale Project EL9017 (formerly ELA6044) showing the geology and aeromagnetic structure. Historic gold workings (yellow diamonds) show a north-south trend at the Quartz Ridge and Box Ridge prospects

A second priority target area is located near the historic alluvial and hard-rock workings at Cheshire Creek and Winburndale prospects (Figure 3), where highly encouraging geochemical results were reported by Nickel Mines Ltd (NML) in 1972, (Lynch 1972). Stream sediment samples (-80 mesh) returned highly anomalous assays of up to 2.5 g/t Au within several creeks draining radially from a hill 2km long by 1.5km wide. Copper and lead values were also highly anomalous with values up to 3700 ppm Cu and 980 ppm Pb. The source of the gold and base-metals is interpreted to be from the central hill that comprises a folded sequence of interbedded sediments and volcanic rock.



**Figure 3.** Open File soil and stream-sediment geochemistry (Nickel Mines Ltd., 1972) collected within Shree's EL9017(formerly ELA6044). An anomalous river catchment area has been outlined.

**Work program:**

Following the target generation study, stream sediment sampling was considered the most cost-effective sampling technique in the well-drained and elevated terrain to locate possible extensions of the Quartz Ridge and Box Ridge gold mineralised trends. Shree's initial exploration program will also consist of stream-sediment sampling of the creeks draining radially from the hill at Cheshire Creek. The company is negotiating land access with the various land owners for various parts of the EL. The exploration works have commenced on target areas that are within parts of EL for which access has been granted. Following stream-sediment sampling, a grid-based soil sampling program and geological mapping will be planned to identify the source of the mineralisation and generate targets for follow up drilling.

**Nelson Bay River Iron Project**

During the quarter, the Company has actively been advancing the Direct Shipping Ore ("DSO") project at Nelson Bay River Project ("NBR" or the "Project") & submitted a draft DPEMP ("Development Proposal & Environment Management Plan") to the Environmental Protection

Agency (“EPA”) for the Direct Shipping Ore (“DSO”) project at Nelson Bay River Project (“NBR” or the “Project”).

Following the ongoing improvement in Iron Ore Prices since mid-2018, the Company has been actively engaged in re-permitting activities at NBR. The strategy of this re-permitting has been to recommence the development and ultimate production of the existing DSO resources at NBR.

As previously reported, to resolve the legal issues with the current permits, the Company applied for a new Tasmanian environmental permit for direct shipping iron operations. After public consultation in November 2018, EPA issued guidelines for the preparation of a DPEMP.

Consequently, Shree has worked towards adopting this framework and has completed the requisite technical studies to develop a draft of the DPEMP which has been submitted to enable the EPA assessment process to follow. On that basis, the company hopes to be in a position in 2021 to consider a formal decision for recommencement of the mine.

SHH remain committed to driving value for Shareholders and look forward to updating the market as it continues to progress this advanced junior iron ore project towards recommencement in a very strong macro environment for producers.

### About NBR

NBR Project (Mining Lease 3M/2011) is located in the far North-West of Tasmania, an area that has substantial infrastructure devoted to major mining activities and is approximately 100 kilometres by mostly sealed road to Port Latta, approximately 150 kilometres to the Burnie Port.

The Project is within an established mineral province in the region. Operating mines include Grange Resources’ (ASX: GRR) Savage River Iron Ore and MMG’s Roseberry Mine.



Figure 4

## NBR DSO Project Development

The NBR operation was previously developed as an all-contract mining, processing and haulage operation using local contractors in the region. The DSO requires no major processing beyond crushing and screening following which, the ore is then trucked to the port and shipped. The South DSO pit (“SDSO”) was developed in 2013 with production successfully commencing in November 2013 with the first shipment of ore leaving the Port of Burnie in January 2014. NBR project was placed on care and maintenance in June 2014 following sharp iron ore price falls..

Historical production from the previous mining campaign totalled 181,000 tonnes shipped with average grades of Fe 57.5%, SiO<sub>2</sub> 7.7%, Al<sub>2</sub>O<sub>3</sub> 1.3%, P 0.07% and S 0.04%. Demand from historic customers was driven by positive metallurgy, specifically low impurities like alumina (Al<sub>2</sub>O<sub>3</sub>) and phosphorus (P).

The historic price received for NBR ore was enhanced with a premium for low impurities and for Lump Ore in line with market benchmarks. Historic costs during FY 2014 when the mine was last in production was approximately AUD \$ 72 per ton FOB Burnie Port (as derived from 2014 Annual Report to Shareholders).

The SDSO pit is some 25% complete, with waste rock materials deposited in two dumps designated as the Non-Acid Forming (“NAF”) waste rock dump and the Potentially Acid Forming (“PAF”) waste rock dump.

Figure 5 shows the existing mine development on site. The main features are the SDSO pit and waste dumps. Other elements are the mine water treatment dams, ROM stockpile area and the facilities area. Figure 6 on the following page shows a Google Image.

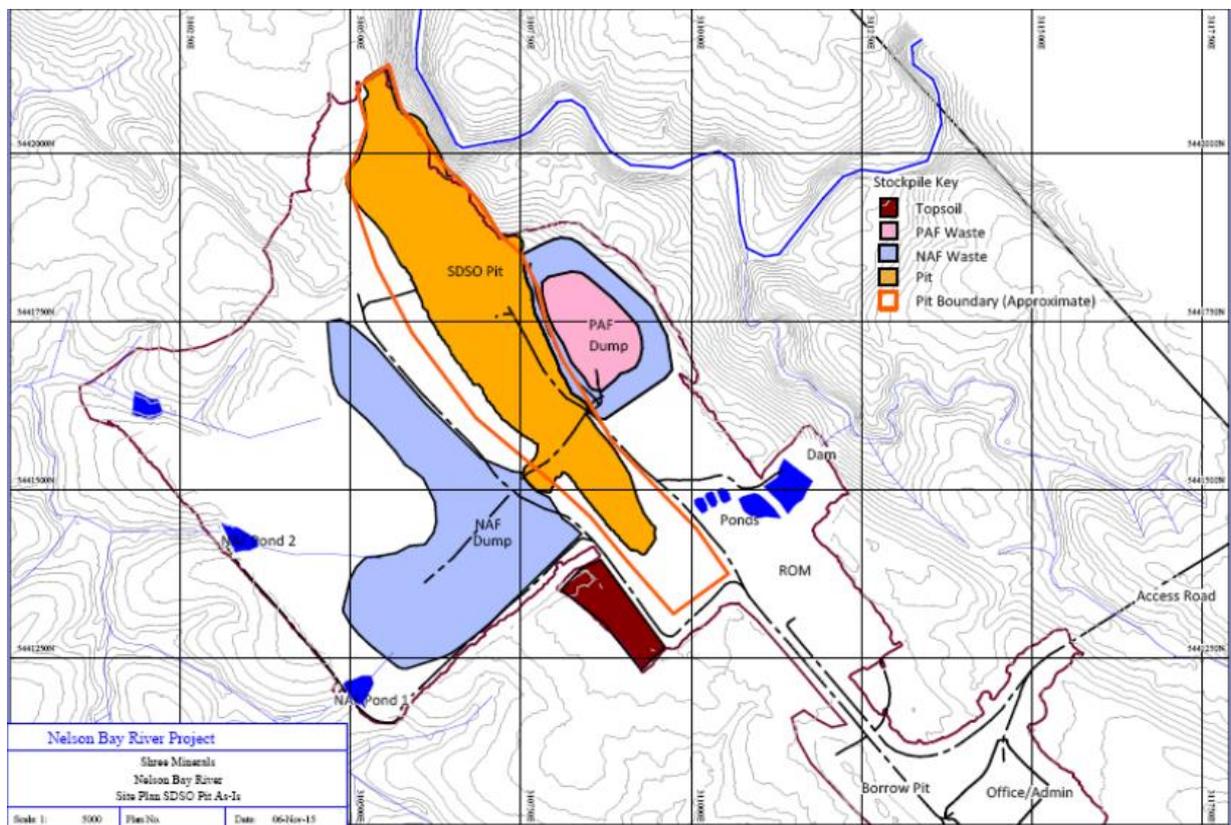


Figure 5: Existing site plan

Source: SHH

The next stage after completion of SDSA pit will be the north pit that targets the main magnetite ore body. At the top of this pit, there is an approximate 20 metre section of higher-grade ore - the beneficial oxide resource ("BFO"). This will require only dry magnetic separation in addition to crushing and screening before shipping. The BFO operation is a transition between the DSO operation and the magnetite production stage. The BFO circuit will require only a nominal capital expenditure of circa A\$1 million. The BFO section is fed by a -3mm size ore stream, which is upgraded by dry Low Intensity Magnetic Separation ("LIMS"). Test work by crushing and passing the ore over a coarse LIMS unit at 600 gauss pass produced an upgraded product with grades Fe 57.5%, SiO<sub>2</sub> 11.5% and Al<sub>2</sub>O<sub>3</sub> 1.55% at 82.3% mass recovery.

For the magnetite project, completed studies have mine planning for an open pit that will extract ore for processing through a local plant that will include circuits to grind, mill, magnetically separate to produce high grade magnetite concentrate for Blast Furnace Pellets ("BFP") and Dense Media Magnetite ("DMM"). Magnetite Pellets fetch a premium to hematite iron ore as they are higher grade and allow for less energy consumption in blast furnace.



Figure 6

Source: Google Images

## Resources

NBR has a JORC compliant global iron Resource of 11.3Mt, including goethitic-hematite Resource of 1.4Mt and magnetite Resource of 7.8Mt.

## Exploration

The current Resource at NBR covers approximately 1km in strike length of goethite-hematite mineralisation including approximately 400 metres of magnetite. It is based on drilling at the northern end of the strike line, where magnetic survey work indicated that the main strike line of mineralisation extends for at least 2,300 metres and is open along strike and at depth. The mineralisation in some cases is deeper than 300 metres.

A study of ground magnetics by Shree and the Tasmanian Government's airborne magnetic survey data suggests that the strike length of iron mineralisation at NBR extends to in excess of 2.3km. Mineralisation remains open along strike and down dip and in some parts extends to greater than 300 metres in depth.

The 3D Magnetic Inversion study based on aeromagnetic data from Mineral Resources Tasmania ("MRT") suggests continuity between the Main Body (Northern Anomaly) and the South Anomaly, but with in-between areas of non-magnetic material that could be inferred to be oxide mineralisation. Scattered detrital gossan fragments were noticed during recent reconnaissance in the Southern Anomaly area. The modelling indicates substantial continuation at depth of the magnetite-bearing ultramafic dyke.

This provides exploration upside for Shree. In addition to the NBR deposit, four additional targets have been identified from airborne magnetic surveys on the project area and remain to be drill tested.

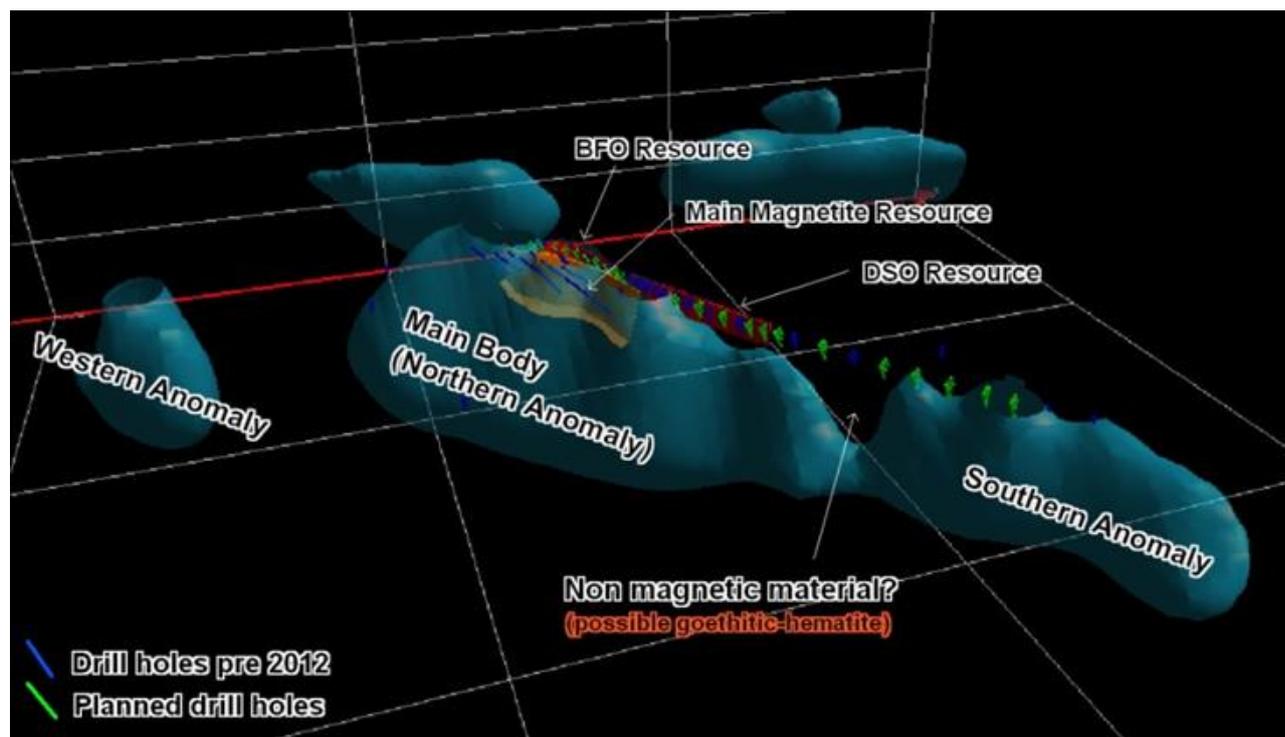


Figure 7: 3D Magnetic Inversion Study (Source: SHH)

## Tenements

- The mining tenements held at the end of quarter and their location.

<u>Mine Lease/</u> <u>Exploration</u> <u>License</u>		<u>Locality</u>	<u>Remarks</u>
3M/2011	ML	Nelson Bay River	100% Shree Minerals Ltd
E40/378	EL	Golden Chimney	100% Shree Minerals Ltd
E40/384	EL	Ulysses South	100% Shree Minerals Ltd
E63/2046	ELA	Dundas	100% Shree Minerals Ltd
E63/2048	ELA	Dundas	100% Shree Minerals Ltd.
EL9017 (formerly ELA6044)	EL	Turondale	100% Shree Minerals Ltd.
ELA 6147	ELA	Rock Lodge	100% Shree Minerals Ltd.
EL31225	EL	Bruce Project	Part of farm-in & JV agreement with Territory Lithium Pty Ltd (Arunta JV) *
EL 32420	ELA	Edwards Creek	Part of farm-in & JV agreement with Territory Lithium Pty Ltd (Arunta JV) *
EL 32419	ELA	Box Hole	Part of farm-in & JV agreement with Territory Lithium Pty Ltd (Arunta JV) *

ELA: Exploration Licence Application

- The mining tenement interests relinquished during the quarter and their location**  
NIL
- The mining tenements interests acquired and disposed of during the quarter and their location**  
NIL
- The beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter**  
NIL. Please refer to details of Arunta Joint Venture as below. The Company is yet to earn an interest.
- The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter**  
NIL

\* The Company has a farm-in and joint venture agreement (Arunta Joint Venture whose principal terms include:

- SHH can earn a 50% equity interest in the Joint Venture through the total expenditure of \$50,000.
- Once SHH has earned a 50% equity interest, further Joint Venture expenditure contributions will be pro-rata, or else a non-contributing party's equity will be diluted using the standard industry dilution formula.
- If SHH were doing sole expenditure, its share of equity in the Joint Venture would increase to 90% by it making a total expenditure of \$450,000.
- Should a party's equity in the Joint Venture fall to 10%, its share will be automatically acquired by the other party in exchange for a 1% NSR Royalty.
- SHH will manage the Joint Venture during the earn-in stage, and while ever it holds majority equity.

## CORPORATE

Firm placement commitments have been received from professional and sophisticated investors to raise \$3.0 M at \$0.012 per share before costs ("Placement").

The Placement was heavily subscribed at an exciting time for the Company as it continues to advance a number of its key projects.

Funds raised will be applied toward the Nelson Bay River direct shipping iron ore project along with funding its ongoing exploration initiatives across its prospective gold, copper and base metals projects in NSW, WA and NT.

The Placement was priced at a 16% discount to the 15-day VWAP of (A\$0.0143) as at 22<sup>nd</sup> March 2021.

Settlement of an initial placement of \$2.4mil completed on 31 March 2021 under the existing Listing Rule 7.1 and 7.1A capacity. Additional to this, major existing shareholders and Directors are seeking to participate in the placement for an amount of \$600,000 (50,000,000 shares) which will be subject to shareholder approval. SHH will seek approval for the placement of these 50,000,000 shares at a general meeting of shareholders in May 2021.

Following completion of the placement (including the proposed placement to directors and conditional placement), Shree will have the following capital on issue:

<b>Issued Capital</b>	<b>Fully Paid Ordinary Shares "FPO"</b>	<b>Unlisted Options</b>
<b>Current</b>	<b>809,236,892</b>	<b>62,500,000</b>
Share placement – pursuant to capacity under Rule 7.1 & Rule 7.1A	200,000,000	
Share placement – Directors (subject to shareholder approval)	18,333,333	
Conditional share placement (subject to shareholder approval)	31,666,667	
Share Issue –Service providers *	1,000,000	
Share issue – Employee ** (subject to shareholder approval)	3,000,000	
<b>Issued Capital Post Placement</b>	<b>1,063,236,892</b>	<b>62,500,000</b>

\*1,000,000 FPO being issued to a consultant for services provided to the company under Shree's 15% placement capacity under ASX Listing Rule 7.1

\*\*3,000,000 FPO being issued to Director Technical as a part of his remuneration in Shares as an alternative to cash payment as Employee Incentive Bonus Award to align with the performance of the Company.

### **Business Development.**

Shree is continuing to identify and assess exploration and early development opportunities throughout Australia in Gold and Base Metals projects.

During the Quarter, a total sum of \$41,250 was paid to related parties and their associates. The Company advises that this relates to executive directors' salaries, non-executive director's fees and superannuation.

Exploration and Evaluation Expenditure during the Quarter was \$42,739. Details of exploration activity as included in this Quarterly Activities Report.

Mining Development activities during the Quarter was \$37,242 as per details of permitting efforts for NBR project as included in this Quarterly Activities Report. There were no substantive mining production activities during the Quarter.

### **Competent Person Statement**

The review of historical exploration activities and results contained in this report is based on information compiled by Michael Busbridge, a Member of the Australian Institute of Geoscientists and a Member of the Society of Economic Geologists. He is a consultant to Shree Minerals Ltd. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).

Michael Busbridge has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information in the original reports, and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original reports.

Where the Company refers to the Mineral Resources in this report (referencing previous releases made to the ASX), it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the Mineral Resource estimate with that announcement continue to apply and have not materially changed.

### **Cautionary Statement**

- The Exploration Results for Turondale have been reported by former owners;
- The source and date of the Exploration Results reported by the former owners have been referenced in the company's announcement to ASX dated 19/1/2021;
- The historical Exploration Results have not been reported in accordance with the JORC Code 2012;
- A Competent Person has not done sufficient work to disclose the historical Exploration Results in accordance with the JORC Code 2012;
- It is possible that following further evaluation and/or exploration work that the confidence in the prior reported Exploration Results may be reduced when reported under the JORC Code 2012;
- That nothing has come to the attention of the acquirer that causes it to question the accuracy or reliability of the historical Exploration Results; but
- Shree has not independently validated the historical Exploration Results and therefore is not to be regarded as reporting, adopting or endorsing those results
- A summary of the work programs on which the Exploration Results quoted in this announcement are included as Appendices in the company's previous announcements to ASX;

- There are no more recent Exploration Results or data relevant to the understanding of the Exploration Results;
- An assessment of the additional exploration or evaluation work that is required to report the Exploration Results in accordance with JORC Code 2012 will be undertaken following acquisition & will be funded by the Company.

The release of this document to the market has been authorised by the Board.