3 rd December 2013

The Manager Companies
Company Announcements
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000
Dear Sir

Nelson Bay River Iron Project: Updated DSO South Pit Reserves

Shree Minerals Ltd (ASX code: SHH) ("the Company") is pleased to advise the publication of the updated DSO South Pit Reserves for its Nelson Bay River (NBR) Iron Project. The new reserves are based on the the recent drilling programme completed after the 24 October 2012 Reserve Statement The aim of the drilling was to upgrade the resource and revise the Mine Plan for the first two of years of DSO operations.

The new Mineral Resource estimates for the DSO South Pit reflects an increase to 0.87Mt compared to the earlier Mineral Resource estimate of 0.7Mt. The Reserves Estimates for DSO South Pit similarly increases to 0.65Mt compared to the earlier reserve of 0.33Mt.

Mine Plan for DSO Iron Ore

The updated production schedule for the first two years of production is sourced initially solely from the DSO South Pit. .The DSO ore mined only requires crushing and screening to produce a marketable product that requires no further beneficiation. Two separate DSO pits are planned for the first two years of mining the, DSO South Pit followed by the DSO North Pit where the latter is contained within the BFO resource to its north. The updated mine plan and production schedule mines a total of 0.914 Mt of DSO compared to the previous 0.815Mt.

Reserves

The Ore Reserve Estimate was completed by the Minserve Group Pty Ltd in accordance with the 2012 JORC Code guidelines based on the Mineral Resource Estimate completed by Simon Tear of H&S Consultants Pty Ltd (HSC). The methodology and other details are in Annexure 1.

Under the JORC Code, only Measured and Indicated Mineral Resources can be considered for conversion to Ore Reserves after consideration of "Modifying Factors" including mining, processing, economic, environmental, social, and government factors. The Ore Reserve Statement applies solely to the resource estimates in the Measured and Indicated categories.

Table 1 shows the DSO Mineral Resource Estimate for Southern pit, summarised by JORC classification, contained within the H&SC geological model of November 2013.

Table 1 — DSO Mineral Resource Estimate by JORC classification

Category	Volume m^3	M Tonnes	Iron %	Alumina %	Phos ppm	Sulfur ppm	Silica %	LOI %
Measured	1,170,000	0.39	57.8	1.4	911	348	8.7	6.5
Indicated	780,000	0.26	57.7	1.5	926	359	8.8	6.5
Inferred	660,000	0.22	57.4	1.4	936	401	2.3	6.4
Total	**2,610,000**	**0.87**	**57.7**	**1.4**	**922**	**365**	**8.9**	**6.5**

(Average density 3t/m^3; DSO cut off based on a nominal 54% Fe) (Minor rounding errors)

Table 2 shows the DSO Ore Reserve Estimate for the Southern DSO pit, summarised by JORC classification, contained within the H&SC geological model of November 2013.

Table 2 — DSO Ore Reserve Estimate by JORC Classification

Category	M tonnes	Iron %	Alumina %	Phos %	Sulfur %	Silica %	LOI %
Proved	0,39	56.7	1.4	0.091	0.035	8.7	6.5
Probable	0.26	56.7	1.5	0.092	0.036	8.8	6.5
Total	**0.65**	**56.7**	**1.4**	**0.091**	**0.035**	**8.7**	**6.5**

(Minor rounding errors)

Future work and Development Objectives

The company recently commenced production from the DSO south pit in November 2013. The iron ore mined is crushed to produce Lump and Fines products. Transportation to port stockpiles commenced in November 2013.

The Company plans to mine the DSO first followed by BFO material, and then the magnetite resource.

Yours sincerely

Sanjay Loyalka
Chairman

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The information in this report that relates to Ore Reserve Estimates is based on information evaluated by Mr Alwyn Hyde-Pager who is a Fellow of The Australasian Institute of Mining and Metallurgy (FAusIMM) and a Registered Professional Engineer of Queensland (RPEQ) and who has sufficient experience relevant to the style of mineralisation and type of deposit 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"). Mr Hyde-Page is a Member of The Minserve Group Pty Ltd and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Alwyn Hyde-Page does not have any material interest or entitlement, direct or indirect, in the securities of Shree Minerals Limited or associated companies. Fees for the preparation of the report are on a time and materials basis.

The data in this report that relates to Exploration Results and Mineral Resource Estimates is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit 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"). Mr Tear is a Director of H&S Consultants Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear. Simon Tear does not have any material interest or entitlement, direct or indirect, in the securities of Shree Minerals Limited or associated companies. Fees for the preparation of the report are on a time and materials basis.

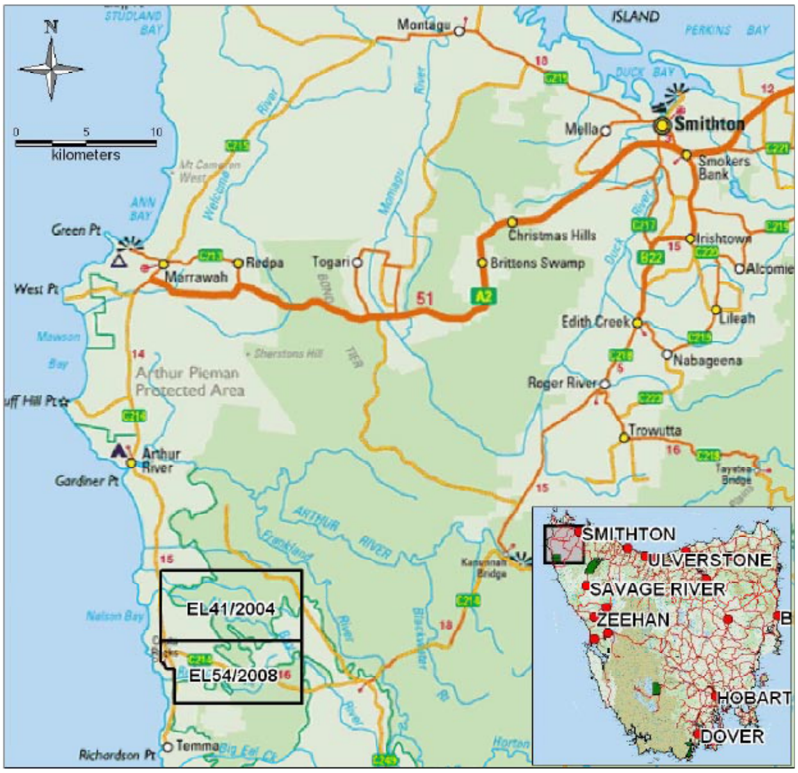
This report is based on information compiled by Mr Mahendra Pal who is a Fellow of the Australasian Institution of Mining and Metallurgy, Australia and a Member of the Society of Geoscientists and Allied Technologists, India. Mr Pal is a member of the Shree Minerals Board and has sufficient experience relevant to the style of mineralisation and deposit type under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Pal consents to the inclusion of this report of the matters based on his observations in the form and context in which it appears.

Annexure 1

The location of the Nelson Bay Iron Project and the tenements are shown in Figure 1. The project area is some 70k southwest of Smithton in northwest Tasmania and 7km northeast of the coastal town of Temma.

The Ore Resource & Reserve Estimate refers to the DSO south pit opencut resource covered by Mining Lease 3M/2011 granted 12 September 2012 over an area 778ha covering the known magnetite and hematite orebodies and associated mine infrastructure. It is included within Exploration Licence EL/41/2004 which is also contiguous with EL54/2008, all of which are held by Shree.

Figure 1: Location of Nelson Bay River, EL41/2004 and EL54/2008



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Information material to understanding the Ore Reserves
Material Assumptions
The Updated Reserve Statement is based on the: • The Mineral Resource estimate is based on the Nelson Bay Iron Project Updated Resource Estimates for the DSO Deposit, 13 November 2013 by Simon Tear of H&S Consultants Pty Ltd. • Nelson Bay Iron Project Direct Shipping Ore Feasibility Study, 4 July 2012, by The Minserve Group Pty Ltd; and • Nelson Bay River Iron Project Direct Shipping Ore (DSO) JORC Reserves Statement Competent Person's Report, 24 October 2012, by Alwyn Hyde-Page of The Minserve Group Pty Ltd • The classification of the Ore Reserves into the confidence categories of Proven and Probable categories reflects the confidence of the ore resource categories in the Ore Resource Statement. Ore in each category is fully contained within the orebody mined within the pit shell with a selvage of lower grade ore encasing the high grade DSO ore.
Criteria for Classification
• The Mineral Resource was converted to an Ore Reserve by upgrading resources completed in the Feasibility Study that included detailed mine design based on geotechnical input, a mining schedule that included loss and dilution and costing consistent with this level of study. • The DSO reserve estimate is based on 95% recovery of the high grade ore and 5% dilution with peripheral low grade material for the Measured and Indicated mineral resources, all of which are contained within the designed pit shell. Only the Iron % (Fe %) has been adjusted for loss and dilution with the other qualities shown based on their mineral resource values. • No Probable Ore Reserves have been derived from Measured Mineral Resources.
Mining Method & Assumptions
• An opencut selective mining method was used to mine the ore in flitches using hydraulic excavators matched with articulated dump trucks. This was deemed to be the most appropriate method. • Geotechnical parameters for mine design were provided by Geonet Pty Ltd based on geotechnical drillholes and laboratory testing results. An audit of this work was done by Geotek Pty Ltd as part of the Nelson Bay River Mine Pit Stability Plan required as a condition of approval for mining. Grade control is an integral part of mining as described in the Nelson Bay Iron Project Direct Shipping Ore Feasibility Study and DSO JORC Reserve Statement of October 2012. No pre-production drilling is required. • Mining dilution of 5% with low grade ore was used. • Mining loss of 5% of the in situ ore was used. • Minimum mining widths were not applicable as internal waste was included with the ore in the model. • The Inferred Mineral Resources included in the pit, where appropriate, were mined in conjunction with the Measured and Indicated Resources as there is no

way that they can be differentiated separately in the block model. Where mined any Inferred Resource is included in the production schedule
Processing Method & Assumptions
• The direct shipping ore requires no metallurgical process beyond crushing and screening to produce a product.
Basis of Cut off Grade
• The geology mineral wireframe was designed to a 54% Fe cut-off as described in section 3. The resources and reserves for High Grade ore (HG) are reported from within the mineral shape with no grade cut-off. • A separate Low Grade (LG) ore selvage enclosing the high grade was modelled for ore below the 54% Fe cut-off.
Estimation Methodology
• The Mineral Resource model used is that described in the Nelson Bay Iron Project Updated Resource Estimate for the DSO Deposit, 13 November 2013. All the Measured and Indicated Resources are contained within the DSO pit shell and these form the ore reserves. • Validation of the resource model provided by H&SC to Shree. • Economic modelling and analysis of surface constraints, mining leases and other modifying factors to determine the ultimate mining limits based on the Minserve 4 October 2012 Ore Reserve Estimate reports and the updated 2013 LIDAR surface coverage. • Adjustment of the existing pit layout and mining sequence to conform to the ultimate mining limits. • Reserves generation and Reserves reporting based on the updated November 2013 resource wireframe model imported by Shree into the SURPAC software system which was used to create mining block quantities and qualities used to develop the updated Production Schedule. •
Material Modifying Factors
• The accuracy and confidence of the Ore Reserves estimates are confined by the accuracy and confidence of the Mineral Resources estimates and are consistent with the selective mining method adopted and the grade control processes described. The type and size of mining equipment specified is matched to suit the geology of the mineralisation of the deposit.

Mr Yue Guan of Shree Minerals Limited carried out the modification of the mine design to accommodate updated surface topography and undertook the SURPAC software assessment of reserves scheduled within the modified Minserve (October 2012) pit shell design. Mr Alwyn Hyde-Page of Minserve supervised the preparation of this Ore Reserve report.

Based on current planning, the known DSO southern pit is scheduled to produce approximately 777,400t of DSO ROM product at an average grade of 56.7 %Fe over 19 months (note this includes Measured, Indicated and Inferred resources).

THE SOUTHERN DSO OXIDE RESOURCE DATA

Information material to understanding the Mineral Resource estimate
Geology & Geological Interpretation
• The Nelson Bay iron mineralisation comprises a steeply SW dipping mafic dyke intruded into steeply NE dipping siliciclastic sediments of the Proterozoic Rocky Cape Group. • The dyke has an unusual mineral assemblage of magnetite, siderite and grunerite and is reminiscent of skarn-type mineralogy. • The deposit displays a very distinct and discrete airborne magnetic anomaly. • Oxidation of the dyke by surface weathering has generated a distinct gossan within which occurs the high grade iron-rich DSO material • The geological interpretation for the DSO mineralisation is based on a combination of drillhole iron grades at a nominal cut off of 54%, drillhole logging and geological sense. • Mineralisation identifiable as red/yellow/brown oxidised material comprising gossan and ferruginous clay material; host rocks comprise grey slightly leached siliciclastics
Sampling & Sub-sampling Techniques
• A combination of RC and diamond drilling, some triple tube. Sampling consists of chips on 1m intervals and 1m cut half core. • Consistency of sampling method maintained • RC samples riffle split to 2-3kg and analysed by XRF • Diamond samples were sawn half core (HQ size). • Core sample intervals based on geological control.
Drilling Techniques
• The total number of holes on the deposit is 16 diamond and 37 reverse circulation. • Drill spacing was approximately 20-30m on section and 50m between sections. • Holes drilled at an angle on an even spaced grid; holes intersected mineralisation at a reasonably steep angle.
Criteria for Classification
• Classification of the estimates has been upgraded from the 2011 estimates to include Measured material. • The classification is based on the search parameters, geological understanding, the minimal changes from the previous estimates associated with the infill drilling, the compatibility of the diamond and RC drilling assay results and the QAQC outcomes for assays, sampling and drilling recoveries. • It is assumed that the deposit will be mined by an open pit method.

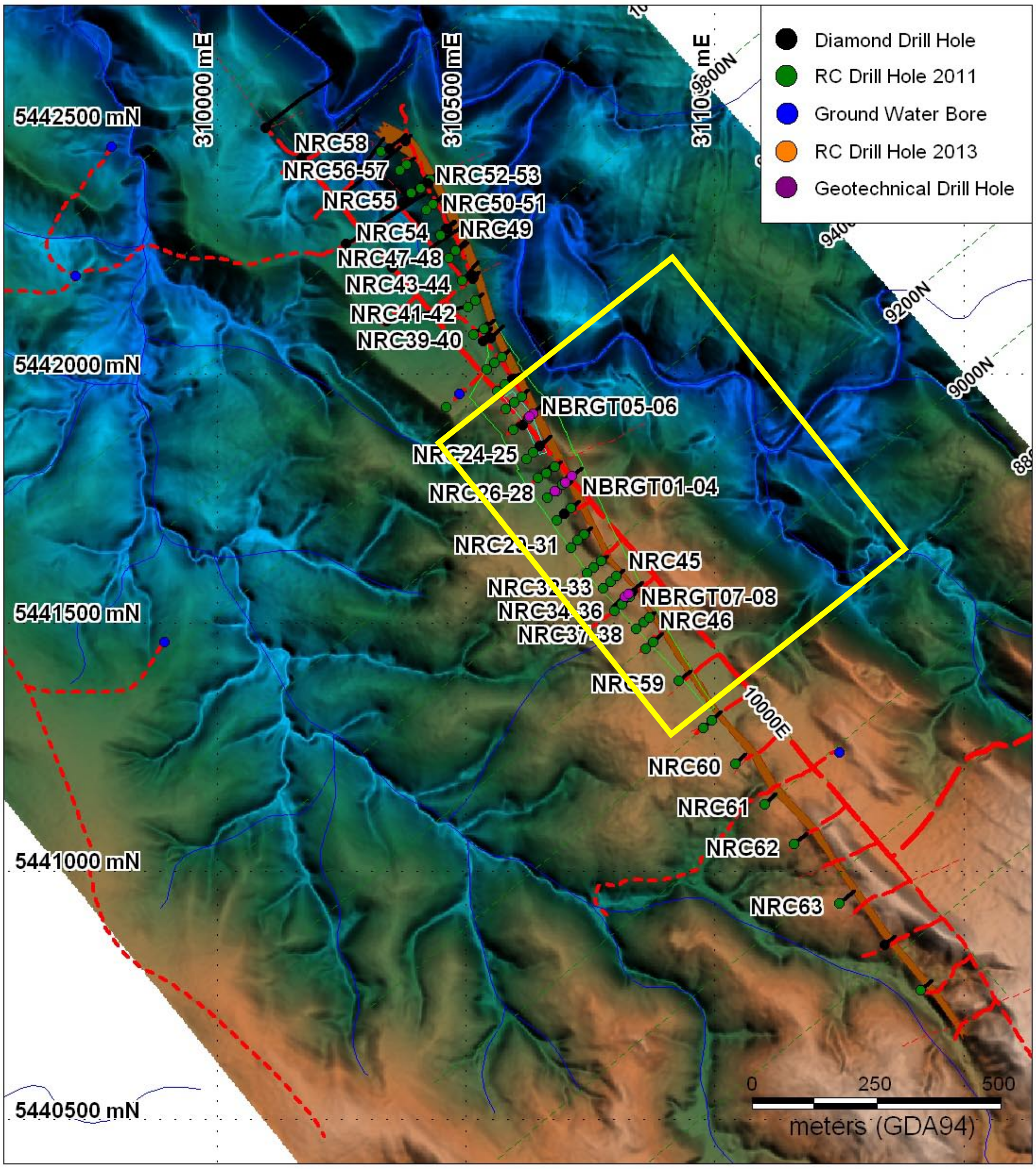
Sample Analysis Method
• RC samples were sent to Burnie Research Laboratory (ALS) as weekly batches during the drilling program. Analysis was via the Iron Ore Procedure ME-XRF21n, being the lithium borate fusion technique coupled with XRF. Elements analysed included Fe, Al_2O_3, P, S, SiO_2, LOI plus a further 19 elements as part of a standard Iron Ore assay suite. • Earlier core samples sent to SGS in Perth • The QAQC programme comprised field duplicates and lab duplicates. No blind inserted standards or blank standards were used; • Second lab check (SGS in Perth) using the same analytical method consisted of 35 samples for a range of iron grades; no issues with accuracy of the original analysis noted.
Estimation Methodology
• The mineral wireframe was used to generate 350 1m composites. • Ordinary Kriging was the modelling technique with an initial set of search parameters of 10m by 50m by 20m with the minimum number of data of 8 and 4 octants (Measured) increasing to a maximum set of 15m by 75m by 30m for a minimum number of 4 data and 2 octants (Inferred) • Modelled elements include iron, alumina, silica, sulphur, phosphorous and loss on ignition. • No top cutting applied; • Domaining used in the modelling has included a hard boundary delineating the high grade iron zone within the Gossan Unit; two orientation domains were used to account for the modest change in orientation of the mineral body • Maximum along strike extrapolation from nearest drillhole is 25m; width and depth is limited by the high grade mineral wireframe, generally <20m • Tonnages are estimated on a dry weight basis default density of $3t/m^3$ based 93 measurements of drillcore samples
Cut Off Grade including basis for the selected cut off grade
• A review of sampling data indicated a population break around the 54% Fe mark; visual inspection appeared to confirm this feature • A mineral wireframe was designed to this 54% Fe cut off with geological sense applied, a minor amount of lower grade samples were included as internal dilution • The resource is reported from within the mineral shape with no grade cut off
Mining and metallurgical methods and parameters and other material modifying factors considered to data
• An open pit mining scenario. • Peripheral dilution included • Small starter pit planned • Grade control procedures in place

The increase in the resource estimates is due to the use of a more accurate topographic surface, better definition of the resource around historical hole NBR6 and a modest south eastern extension.

SHREE SHREE MINERALS LIMITED

The JORC Code, 2012 Edition – Table 1 report Nelson DSO Deposit Ore Reserves Statement, sections 1 to 4 are included in Appendix B.

Figure 2 Nelson Bay 2013 Drillhole Locations



2013 Drilling: RC (NRC) and Geotech (NBRGT) drillholes labelled

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Figure 3 DSO Deposit Cross Section 21150mN Block Grades & Drilling Results

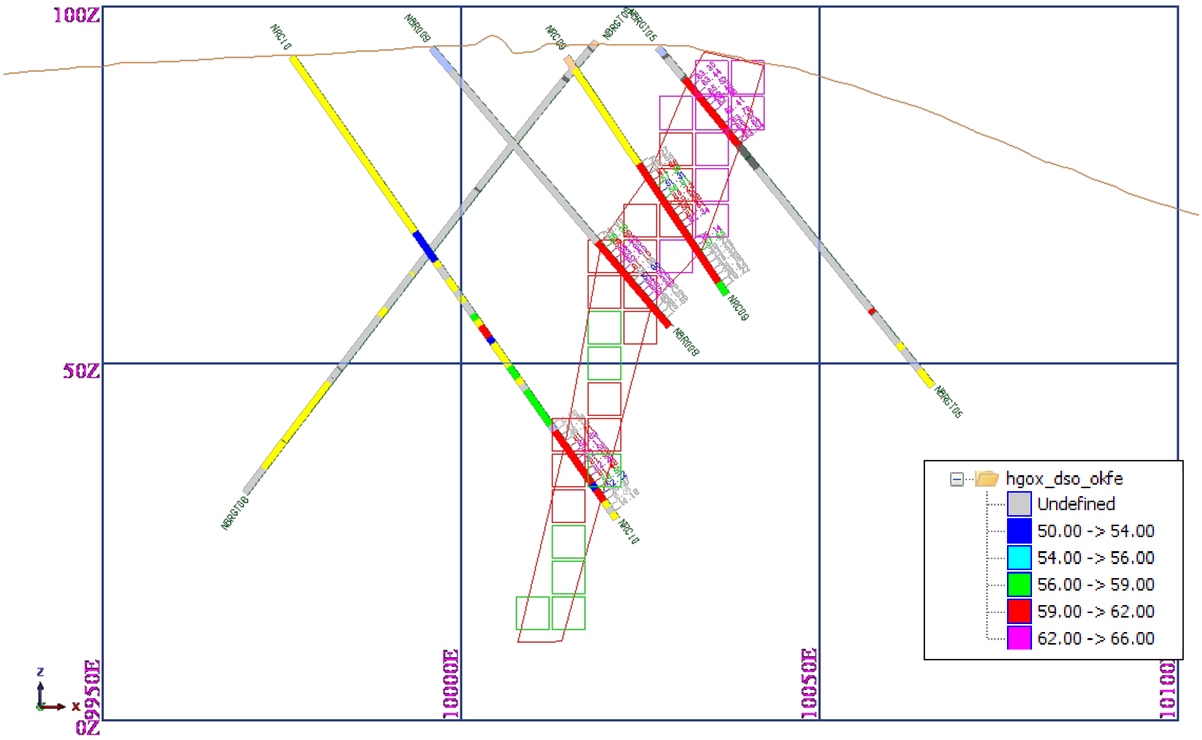
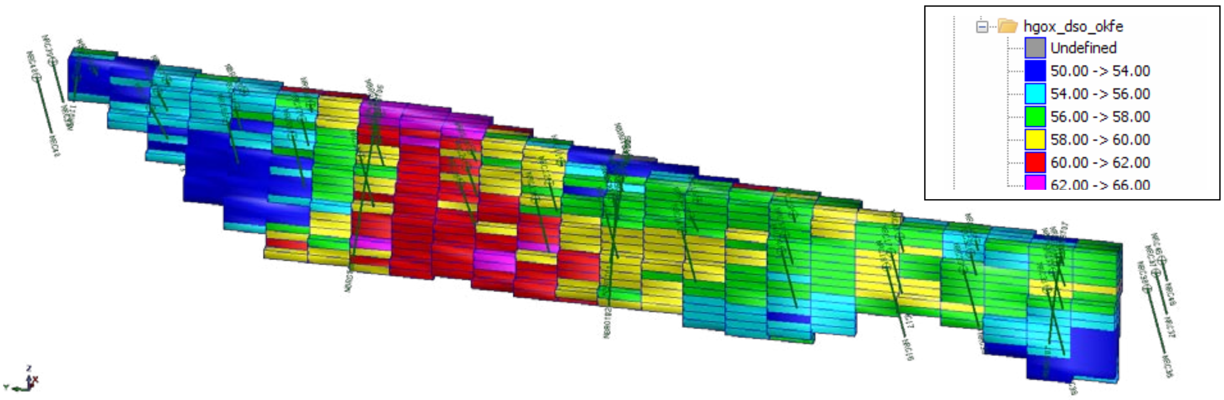
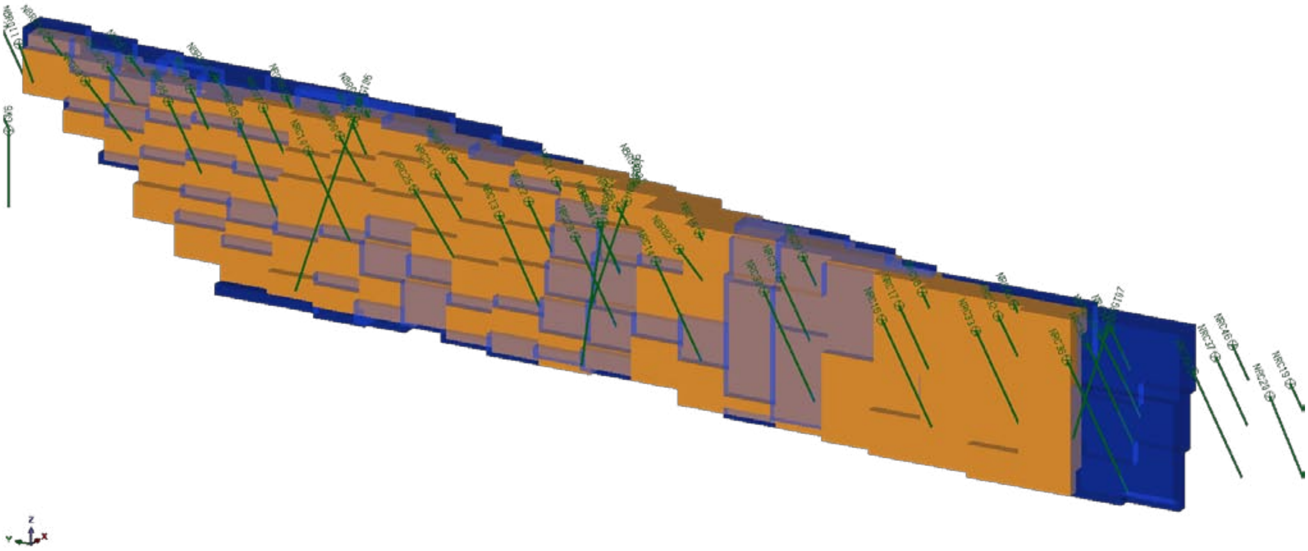


Figure 4: DSO Deposit Iron Block Grade Distribution



(green lines = drillhole traces)

Figure 5 Comparison of 2011 & 2013 Resource Models



(brown = 2011; blue = 2013; green lines = drillhole traces)

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Appendix A

Table 1 Collar Locations

Holeid	East	North	RL	EOH	Azimuth	Dip	Drill_Type
NBR006	310704.7	5441787	93.4	33.5	0	-90	Diamond
NBR009	310612.8	5441897	94.4	51.5	47.85	-49.6	Diamond
NBR010	310592.7	5441992	92.2	26.5	58.95	-48.7	Diamond
NBR011	310533.5	5442068	88.829	45.7	34.1	-45	Diamond
NBR016	310647.9	5441856	94.0107	41.1	50	-45	Diamond
NBR019	310548.8	5442072	87.8	50.1	50	-45	Diamond
NBR020	310345.2	5442455	74.7109	60.7	50	-45	Diamond
NBR022	310697.5	5441719	93.1	55	50	-45	Diamond
NBRGT01	310698.6	5441783	92.9	51.2	230	-50	Diamond
NBRGT02	310681.3	5441766	91.5	62.3	230	-72	Diamond
NBRGT03	310711.6	5441795	94.5	44.2	50	-52.1	Diamond
NBRGT04	310678.7	5441766	91.3	80	50	-55	Diamond
NBRGT05	310634	5441921	94.5222	61	50	-50	Diamond
NBRGT06	310627	5441916	94.7178	80	230	-50	Diamond
NBRGT07	310825.9	5441548	97.5526	50.5	230	-50	Diamond
NBRGT08	310820.4	5441544	97.663	59.6	50	-55	Diamond
NRC01	310571.7	5442036	88.1	27	50	-45.1	RC
NRC02	310556.4	5442023	90.5	48	51.5	-46.3	RC
NRC03	310541	5442010	90.9	69	52.3	-45.7	RC
NRC04	310576.9	5441979	92.9	55	50.6	-56.3	RC
NRC05	310562	5441967	93.3	78	49.6	-54.7	RC
NRC06	310611.4	5441956	92.9	33	49.4	-56	RC
NRC07	310596	5441943	93.8	55	50	-55.3	RC
NRC08	310579.8	5441930	93.7	74	50	-57	RC
NRC09	310624.8	5441912	93.1	40	50	-56.1	RC
NRC10	310595	5441888	93.2	79	50	-55	RC
NRC11	310678.9	5441814	94	27	48.3	-54.3	RC
NRC12	310661.3	5441802	91.3	52	50	-54.8	RC
NRC13	310644	5441791	90.6	64	50.1	-56	RC
NRC14	310682.1	5441707	93.5	79	50	-55	RC
NRC15	310711.4	5441731	94.1	34	49.2	-52.6	RC
NRC16	310743	5441599	96.0155	82	50	-55	RC
NRC17	310756	5441612	95.9872	62	50	-55	RC
NRC18	310771	5441624	96.1533	30	50	-55	RC
NRC19	310875	5441461	96.4	46	50	-54.7	RC
NRC20	310860.7	5441449	96.9	74	50	-57.5	RC
NRC24	310635.1	5441843	93	58	50	-50	RC

Holeid	East	North	RL	EOH	Azimuth	Dip	Drill_Type
NRC25	310620.5	5441830	92.1	71	50	-50	RC
NRC26	310693.1	5441779	92.1	37	50	-50	RC
NRC27	310678.7	5441766	91.3	49	50	-55.5	RC
NRC28	310663.2	5441752	91.7	73	50	-55	RC
NRC29	310738	5441678	98.1	33	50	-55	RC
NRC30	310710	5441652	94.8896	82	50	-55	RC
NRC31	310723	5441666	95.0412	56	50	-55	RC
NRC32	310789.8	5441583	96.8	40	48	-52.9	RC
NRC33	310774.2	5441569	96.8	71	50	-55	RC
NRC34	310828.4	5441552	97.5	31	50	-55	RC
NRC35	310812.2	5441537	96.9	71	50	-55	RC
NRC36	310797.8	5441524	95.9	96	50	-55	RC
NRC37	310856.7	5441501	97.3	49	50	-55	RC
NRC38	310841.3	5441489	97.2	76	50	-55	RC
NRC45	310801.1	5441594	96.8	35	50	-55	RC
NRC46	310868.2	5441511	97.6	25	50	-55	RC

Table 2 List of Drillhole Intercepts within the DSO Mineral Wireframe

Holeid	From	To	Interval	Fe %	Al2O3 %	P ppm	S ppm	SiO2	LOI %
NBR006	9	17	8	55.33	0.72	1029	256	12.72	6.94
NBR009	36	47	11	60.21	1.08	775	287	7.37	4.89
NBR010	5	13	8	57.34	1.43	481	529	9.00	7.48
NBR016	21	31	10	63.17	0.78	518	303	2.74	6.14
NBR019	15.79	21.7	5.91	54.75	0.26	216	166	16.34	5.09
NBR022	31.15	39.7	8.55	61.09	0.64	752	115	3.48	8.25
NBRGT05	6.2	17.7	11.5	63.98	0.71	640	431	1.28	6.05
NBRGT08	28	32.1	4.1	60.65	1.85	783	250	5.61	5.25
NBRGT08	36.7	43.9	7.2	59.12	1.07	1260	177	6.99	6.79
NRC01	14	19	5	52.50	2.49	746	1046	13.10	8.71
NRC02	37	41	4	54.23	0.66	623	205	14.53	6.83
NRC04	29	46	17	54.86	0.57	486	488	14.54	6.04
NRC05	51	60	9	49.50	1.17	529	547	22.22	5.08
NRC06	9	25	16	59.13	2.27	605	218	7.49	5.27
NRC07	30	46	16	59.71	0.52	1615	165	6.03	7.26
NRC08	56	66	10	54.53	0.50	766	1228	16.02	4.98
NRC09	20	33	13	59.57	1.02	630	193	7.23	6.12
NRC10	66	75	9	60.59	0.58	1086	67	5.93	6.45
NRC11	7	15	8	51.68	7.15	428	354	12.04	6.33

Holeid	From	To	Interval	Fe %	Al2O3 %	P ppm	S ppm	SiO2	LOI %
NRC12	35	46	11	60.61	0.93	909	182	4.29	7.42
NRC13	58	64	6	62.39	0.39	1140	82	3.92	5.93
NRC14	67	71	4	56.16	1.46	558	623	12.20	5.32
NRC15	7	27	20	58.05	1.41	647	321	4.48	8.24
NRC17	46	48	2	60.53	1.78	705	345	5.90	5.13
NRC18	12	24	12	58.19	1.84	1379	247	5.91	8.18
NRC24	45	51	6	54.84	2.49	943	195	10.22	8.05
NRC25	61	69	8	59.39	1.64	716	156	5.67	7.17
NRC26	12	17	5	56.01	1.87	1198	186	9.72	7.68
NRC27	32	42	10	53.75	2.22	1822	198	11.44	7.83
NRC28	56	68	12	58.98	1.98	845	320	7.52	5.46
NRC29	7	26	19	58.40	1.23	1226	215	8.44	6.07
NRC30	66	70	4	52.38	2.12	2818	1665	13.34	7.08
NRC31	36	45	9	57.25	1.01	671	611	10.45	5.48
NRC32	30	35	5	56.32	1.43	1434	878	11.40	5.64
NRC34	10	16	6	55.85	3.18	1205	615	9.63	6.20
NRC34	23	28	5	58.46	1.32	716	500	9.97	4.54
NRC35	43	48	5	55.32	2.26	1358	418	10.55	6.90
NRC35	53	58	5	53.67	2.78	656	126	14.59	5.15
NRC36	74	76	2	51.89	3.93	790	435	16.63	4.04
NRC36	83	88	5	55.54	1.19	668	260	13.24	5.54
NRC45	9	14	5	54.12	3.29	1068	1086	12.15	6.00
NRC45	19	26	7	55.82	0.66	1639	367	9.77	9.01

Appendix B

JORC Code, 2012 Edition – Table 1 report Nelson Bay DSO Deposit

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• A combination of RC and diamond drilling, some triple tube. Sampling consists of chips on 1m intervals and 1m cut half core. • Holes drilled at an angle on an even spaced grid; holes intersected mineralisation at a reasonably steep angle. • Consistency of sampling method maintained • RC samples riffle split to 2-3kg and analysed by XRF • Diamond samples were sawn half core (HQ size). • Core sample intervals based on geological control. • Mineralisation identifiable as red/yellow/brown oxidised material comprising gossan and ferruginous clay material; host rocks comprise grey slightly leached siliciclastics • Sampling methods are to industry standard and are considered appropriate for deposit type • All oxidised intervals and a few metres extending into the footwall and hangingwall were sampled.
Drilling	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary*	• The Nelson Bay Iron Project has a mix of diamond and RC

Criteria	JORC Code explanation	Commentary
techniques	*air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	drilling campaigns. Total drillholes for the project comprise. ➢ 35 diamond drillholes for 3111m including 8 geotech holes ➢ 63 RC drillholes for 3426m o Pre 2006 Pickands Mather & Pacific Nevada : 3 diamond holes (NQ) for 630m o 2006-8 Zelos : 14 diamond holes (HQ) (RB37 & LF70) for 1159m o 2010 Shree : 7 diamond holes (HQ) (Comesky E30P) for 761m o 2011 Shree : 23 RC drillholes for 1259m (Spaulding Drilling SD800); 3 diamond holes for met testwork triple tube (HQ)(Spaulding Drilling SD800) for 73m o 2013 Shree : 40 RC drillholes for 2167 (Edrill Globe 2000), 8 geotech diamond holes triple tube (HQ) (XDL5C rig) for 489m • The Nelson Bay DSO deposit has a mix of diamond and RC drilling • 16 diamond holes for 853m • 37 RC holes for 2061m • Core orientation only available for 8 geotech holes; initially the ACTII – Reflex system then the Globaltech Orifinder was used • RC sampling used a 5 ¼" face sampling bit with maximum downhole depth of 80m • Drilling techniques are considered most appropriate for deposit type
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• Diamond core recoveries measured against the drill run; RC bulk samples weighed before splitting (semi-quantitative); average core recovery 70% average RC 60% • Triple tube used for the diamond drilling • Wet RC samples retained as a complete sample and dried in the

Criteria	JORC Code explanation	Commentary
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	lab; about 30% of samples classed as wet or damp • No bias is noted from relationships of iron grade and recovery • Wet RC samples also showed no grade bias with recovery
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Geological logging comprise hard copy recording of data on a sample by sample basis for the RC drilling; geology control for diamond core • The level of geological logging is considered appropriate for Mineral Resource estimation • Logging is based on a series of codes including rock-types, oxidation level and mineral presence • All core has been photographed with a mixed quality of photos All chip trays for the RC drilling have been photographed • All mineral intervals have been logged
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• Sawn half core on generally 1m intervals, bagged and sent to commercial labs (SGS & ALS) • The RC sampling used a 1 in 7 splitter detached from the drill rig, with the sample split taken by the drill offsiders at completion of each 1m sample run; wet samples were sent whole to the lab for drying and then splitting. • Field duplicates (49 samples) were collected as a second riffle split of the original sample; 1 field duplicate for every intersection or roughly on a 1 in 15 basis. Results indicate no obvious bias with the field sampling of the RC chip samples • All sampling methods and sample sizes are deemed appropriate

Criteria	JORC Code explanation	Commentary
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• RC samples were sent to Burnie Research Laboratory (ALS) as weekly batches during the drilling program. Analysis was via the Iron Ore Procedure ME-XRF21n, being the lithium borate fusion technique coupled with XRF. Elements analysed included Fe, Al_2O_3, P, S, SiO_2, LOI plus a further 19 elements as part of a standard Iron Ore assay suite. • Earlier core samples sent to SGS in Perth • The QAQC programme comprised field duplicates and lab duplicates. No blind inserted standards or blank standards were used; • Second lab check (SGS in Perth) using the same analytical method consisted of 35 samples for a range of iron grades; no issues with accuracy of the original analysis noted.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Simon Tear of H&S Consultants has inspected most of the diamond core. • RC chips logged by Rob Reid, independent contracting geologist • Independent mineralogy work by Ralph Bottril of MRT • No twinned holes have been drilled for the deposit; diamond and RC hole twinning (3 pairs) for a northern extension of the DSO, the BFO, indicated reliable grade repetition for varying levels of repeat recoveries. • A study of diamond core and RC results indicates a modest difference in the mean iron grades for the two methods, but it is

Criteria	JORC Code explanation	Commentary
		considered reasonable to combine the datasets for the purposes of resource estimation • Logged data recorded as hardcopy and subsequently entered into Excel. Comparison of some of the drillcore with the logs and assay values appears to show no issues • Original lab digital assay files have been compared with the drilling database with no issues noted • No adjustment of assay data required; no substitution required for below detection values
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• All early holes located by DGPS; later holes predominantly located by DGPS to an accuracy of <1m. A small number of holes located by waypoint averaging with hand held GPS with elevations lifted from topo surface (LIDAR) • Collar locations in MGA94 Zone 55 • Data converted to local orthogonal grid for modelling and mine planning work with a 40^{o} clockwise rotation • Topographic surface from LIDAR generated DEM • Eastman downhole camera surveys were undertaken within diamond holes, on generally 30 to 50m intervals. • No downhole survey measurements for RC holes. Hole dip and azimuth is measured while the rig was set up and is a considered a reliable method as holes are relatively short
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve*	• Drilling has been on 50m spaced section lines with generally three holes per sections with the shallowest intercept generally <20m below surface with an average of 25m spaced intercepts down dip.

Criteria	JORC Code explanation	Commentary
	estimation procedure(s) and classifications applied. • *Whether sample compositing has been applied.*	• The data spacing is sufficient for Mineral Resource estimation • No sample compositing has been applied
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drilling generally at a steep angle to mineralisation • Drilling orientations are appropriate such that there is no bias in the sampling
Sample security	• *The measures taken to ensure sample security.*	• No documentation provided
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Malcolm Hancock of Behere Dolbear ("BDA") reviewed the deposit in December 2012 (before the latest round of drilling) and concluded "*Some of the drill recoveries through the ore zone are poor, and some of the RC drilling intersected wet samples. Some standard Quality Assurance/Quality Control ("QA/QC") data is lacking, and some process and procedure descriptions are limited in detail; however, given the bulk nature of the deposit these issues are not major impediments, and overall BDA considers the deposit geology and mineralisation is reasonably well defined and the geological and drill data provide an acceptable basis for resource and reserve estimation*." The QAQC issues were addressed with the recent 2013 drilling

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Exploration Licence ("EL") 41/2004, which includes the area of the NBR iron project, covers 50km^2 and is located about 7km northeast of the small coastal township of Temma, and about 70km southwest of Smithton in North West Tasmania. • Shree was granted Mining Lease 3M/2011 over the project area on 13 September 2012 for a term of 25 years. The ML covers 778ha and encompasses the proposed mine pits, stockpile areas, ROM area, waste rock dumps, dams, process plant and ancillary plant and equipment areas.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Pickands Mather : Completed surface testing of the Nelson Bay Magnetic anomaly, drilled one diamond hole into the magnetite body • CRAE/Geopeko : Completed surface testing of the Nelson Bay Magnetic anomaly included systematic auger drilling and ground based geophysical surveys; no diamond or RC drilling • Pacific Nevada : 2 diamond drillholes into the magnetite body looking for copper mineralisation • Zelos : initial diamond drilling for magnetite as a heavy media separation product; discovered the DSO deposit; Follow up diamond drilling of the DSO plus ground based magnetic surveys along with some surface rock chip sampling.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Geophysical surveys have outlined a distinct 4km long magnetic anomaly, coincident with a northwest-southeast striking, steeply

Criteria	JORC Code explanation	Commentary
		south-westerly dipping, ultramafic/mafic dyke with skarn-type mineralogy, which crosscuts a moderate to steep easterly dipping sequence of Proterozoic sandstones and siltstones. • Proterozoic sediments in the Nelson Bay area comprise finely laminated, psammo-pelitic, siltstones with medium grained sandstones/quartzites. The quartzites are clean, well sorted, and massive to thinly bedded and up to 200m thick. Variable siltstones include finely laminated units to 'pyjama' siltstones, chloritic siltstones/schists and carbonaceous siltstones. The rocks strike northwest and generally dip between 55^{o} and 65^{o} north east and face east. Metamorphic grade is low grade greenschist. • The Skarn Dyke comprises an iron-rich assemblage of magnetite, siderite, grunerite, chlorite and stilpnomelane with minor pyrite and quartz. Magnetite-rich portions of the dyke form a potentially mineable magnetite iron resource. • Thermal metamorphism of the host rocks is associated with the intruded dyke. It comprises firstly of a medium to fine grained pink garnet overprint in the host sediments, generally 0.5-1m thick, immediately adjacent to the contact. A second component to the overprint occurs as a more peripheral halo up to 2m thick and consists of chlorite and hedingbergite alteration. • There are minor intrusive/skarn bands, generally <1.5m wide, which occur in both the footwall and the hanging wall of the main Skarn Dyke. • Near surface, the primary magnetite-siderite mineralisation is oxidised to a hematite-goethite gossan with grades in excess of 50% Fe. Higher grade material at the south eastern end comprises the DSO resource, the northwestern extension of the DSO overlying the magnetite body is of slightly lower grades and

Criteria	JORC Code explanation	Commentary
		has been designated either the DSO North of BFO mineralisation • The Skarn Dyke has a sigmoidal geometry based around the magnetite-rich section, which may have been generated by a sinistral wrench fault active during the intrusive episode. This structural interpretation suggests a NW directed compression and is consistent with the currently understood tectonic history of the area. With this compression it is anticipated that dilation would have occurred with an associated tectonic rotation that would have produced a NW-striking thick lode with thinner tails striking NNE–SSW. The dilational zone is associated with a predominance of magnetite whilst the tails are more grunierite/siderite-rich. The resulting oxidation by surface weathering has generated higher iron grades over the tails.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent*	• Exploration results not being reported • Table of drillhole collars and mineral intercepts are included

Criteria	JORC Code explanation	Commentary
	Person should clearly explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Exploration results not being reported
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Exploration results not being reported
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Exploration results not being reported
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting*	• Exploration results not being reported

Criteria	JORC Code explanation	Commentary
	of Exploration Results.	
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Exploration results not being reported
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Exploration results not being reported

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Data exported from supplied database and re-imported into an HS&C Access database with indexed fields. • Additional error checking using the Surpac database audit option. • Manual checking of logging codes for consistency. • Manual checking of assay grades for plausibility. • Comparison of logging and assay grades with core • Comparison with previous drilling outcomes
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Simon Tear of H&S Consultants has completed two site visits in 2006 and 2010, the second of which involved observing diamond drilling; plus a visit to MRT core store in Hobart to review core
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• The geological interpretation is based mainly on the drilling data with additional inputs from some surface sampling and topography • The original geological interpretation was established in 2010. The 2013 drilling has not significantly altered the interpretation. • A 3D interpretation has included the generation of geology shapes for the unoxidised Skarn Dyke and its associated oxidised Gossan Zone based on geological logging and assay grades. Within the Skarn Dyke the Magnetite Unit mineralisation has been delineated and within the Gossan Zone the higher grade DSO and BFO iron deposits have been interpreted. • DSO mineralisation based on a nominal 54% iron cut off with geological sense.

Criteria	JORC Code explanation	Commentary
		• There is no obvious alternative geological interpretation; the 2013 drilling confirmed a substantial part of the 2011 geological model and resource estimate • Geological continuity of the DSO mineralisation is a function of the geometry of the original Skarn Dyke and its mineralogy. There is a small bifurcation of the lode at its south eastern end (grid south) • The DSO grade continuity is primarily a function of the original mineralogy combined with the sub vertical penetrative effects of oxidation from surface weathering; extrapolated depth of oxide mineralisation generally limited to 10m past the deepest hole..
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The DSO deposit measures 620m long with a range in thickness from 2 to 15m and a vertical extent ranging from 20m to 80m below surface i.e. to a max depth of 11m above sea level. • The deposit outcrops and is exposed locally • A range in the dip to the south west (i.e. grid east) of -65^{o} in the north to -85^{o} in the south
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.*	• GS3M modelling software; Surpac block model; orthogonal model • 350 1m downhole composites used. • Composite residuals <0.5m discarded • Modelled elements Fe, Al_2O_3, P, S, SiO_2 & LOI. • No top cutting applied; the coefficients of variation for the relevant composite datasets suggest that the data is not sufficiently skewed to warrant top cutting. (coefficients of variation <=1) • No correlations between elements except for a strong negative correlation between silica and iron and a weak negative one between iron and alumina;

Criteria	JORC Code explanation	Commentary
	• *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• Domaining used in the modelling has included a hard boundary delineating the high grade iron zone within the Gossan Unit; two orientation domains were used to account for the modest change in orientation of the mineral body • Geostatistical analyses were performed for Fe, Al_2O_3, P, S, SiO_2 & LOI. • Variography shows a modest structure mainly due to the limited number of data points and the relative narrow nature to the deposit. Iron was better than the other modelled elements • Ordinary Kriging estimation used • Maximum along strike extrapolation from nearest drillhole is 25m; width and depth is limited by the high grade mineral wireframe, generally <20m • A steeply dipping, lens shaped search ellipse was used to follow the overall attitude of the mineral body; a 3 pass search strategy was used. • Search parameters began at 10m by 50m by 20m (Pass 1) increasing to 15m by 75m by 30m (Passes 2 & 3); search rotations divided into two domains, a north and a south domain, to reflect the modest variable orientation and dip of the mineralisation. • Minimum data was 8 with a minimum of 4 octants (Passes 1 & 2) decreasing to 4 minimum data with a minimum number of 2 octants (Pass 3); maximum number of points in all cases was 32. • Parent block size 5m (east) by 25m (north) by 5m (elevation) with no sub-blocking. Partial percent volume adjustment field for the DSO mineral wireframe • No check models completed; a previous model was completed in 2011; the current model has produced similar results in line with expectations • Model validation has consisted of visual comparison of block

Criteria	JORC Code explanation	Commentary
		grades and composite values and indicated a reasonable match. Comparison of block grades and composite values as cumulative frequency curves including summary statistics comparison for both datasets. Outcomes indicate no issues with the modelling • Possible deleterious elements were modelled and are thought to be non-problematic; acid mine drainage has been factored in the development of a pyrite model (see environmental section) • Previous published estimate in 2011 indicated a similar tonnage and grade. Minor increases in resource have occurred in 2013 with infill drilling better defining a small area within the mineral wireframe around diamond hole NBR6 and some minor extensions with depth and along strike to the SE.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Tonnages are estimated on a dry weight basis
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• A review of sampling data indicated a population break around the 54% Fe mark; visual inspection appeared to confirm this feature • A mineral wireframe was designed to this 54% Fe cut off with geological sense applied, a minor amount of lower grade samples were included as internal dilution • The resource is reported from within the mineral shape with no grade cut off
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters*	• An open pit mining scenario. • Peripheral dilution included • Small starter pit planned • Grade control procedures in place

Criteria	JORC Code explanation	Commentary
	when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical processing is required as the mineral is for direct shipping
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a Greenfield project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• The area is located close to the Tarkine Wilderness • The Nelson Bay River flows in close proximity to the deposit. • The area borders a large man made forest plantation which will provide vehicular access to the deposit • Vegetation consists of low level scrub in a relatively flat area with minor stream incision; large part of the area has small scale peat bog development. • A minor amount of pyrite occurs in non-oxidised skarn dykes, part of the pit waste material; a procedure to contain this material has been developed; pyrite block model developed to control any PAF material • The project aims to have minimal waste as it is direct shipping ore • The project has both State (EPA) and Federal (EPBC) approval

Criteria	JORC Code explanation	Commentary
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Density data supplied as a series of measurements on selected pieces of core from the 2010 diamond drilling • Archimedes (34 samples) and Calliper measuring (59 samples) methods used to determine density • Average value 3.1t/m^3 from 2010 work; conservative assumption of average density value of 3t/m^3 used for resource estimation • Additional density data completed for 2013 geotech based on weighing complete samples for drill runs. Poorly documented work with variable outcomes suggesting current density is overstated; detailed review of this data suggests 3t/m^3 is still a reasonable assumption for density.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• Mineral Resource estimates have been classified on the estimation search pass category subject to assessment of other impacting factors such as drillhole spacing (variography), sample recoveries, QAQC outcomes, density measurements, model validation and the geological model • The 3 Pass modelling strategy uses the principle of Pass 1 = Measured, Pass 2 = Indicated and Pass 3 = Inferred • The classification appropriately reflects the Competent Person's view of the deposit.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• The 2012 BDA review states (before the latest round of drilling) *"BDA has reviewed the resource and reserve processes and procedures and considers them generally appropriate and in compliance with the JORC Code. BDA has not re-estimated the resources or reserves, or undertaken a detailed audit, but no material issues or areas of concern have been identified"*
Discussion of relative	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an*	• The geological nature of the deposit, composite/block grade comparison and the low coefficients of variation lend themselves

Criteria	JORC Code explanation	Commentary
accuracy/ confidence	*approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	to reasonable level of confidence in the resource estimates. • There may be some small scale clustering of grade or localised domains of different grade that are not detectable on the current 50m spaced drilling. • The Mineral Resource estimates are considered to be accurate globally, but there is some uncertainty in the local estimates due to the current drillhole spacing and a lack of geological definition. • The inherent nature of RC sampling meant that there is possibility for localized increases in the resource estimate at the margins of the deposit; this is due to the contact of the deposit not coinciding with the 1m intervals of the drilling.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• *Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* • *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	• The Mineral Resource estimate is based on the Nelson Bay Iron Project Updated Resource Estimates for the DSO Deposit, 13 November 2013 by Simon Tear of H&S Consultants Pty Ltd. • The Mineral Resources are reported as sections 1, 2 and 3 of this Ore Reserves JORC Code, 2012 Edition – Table 1 report.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• Alwyn Hyde-Page of The Minserve Group Pty Ltd completed a site visit in 2010 which also included inspection of cores in Hobart.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• An updated geological model with infill drilling results to upgrade the Ore Resource categories contained in the 2012 Feasibility Study and Ore Reserve Statement. The new Geological Resource is described in sections 1, 2 and 3 of this Table 1. A new mining block model was created and based on it, production quantities and qualities were recalculated within the original pit shell design. • The Updated Reserve Statement is based on the: - Nelson Bay Iron Project Direct Shipping Ore Feasibility Study, 4 July 2012, by The Minserve Group Pty Ltd; and - Nelson Bay River Iron Project Direct Shipping Ore (DSO) JORC Reserves Statement Competent Person's Report, 24 October

Criteria	JORC Code explanation	Commentary
		2012, by Alwyn Hyde-Page of The Minserve Group Pty Ltd.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• The geology mineral wireframe was designed to a 54% Fe cut-off as described in section 3. The resources and reserves for High Grade ore (HG) are reported from within the mineral shape with no grade cut-off. • A separate Low Grade (LG) ore selvage enclosing the high grade was modelled for ore below the 54% Fe cut-off.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*	• The Mineral Resource was converted to an Ore Reserve by upgrading resources completed in the Feasibility Study that included detailed mine design based on geotechnical input, a mining schedule that included loss and dilution and costing consistent with this level of study.
	• *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	• An opencut selective mining method was used to mine the ore in flitches using hydraulic excavators matched with articulated dump trucks. This was deemed to be the most appropriate method.
	• *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.*	• Geotechnical parameters for mine design were provided by Geonet Pty Ltd based on geotechnical drillholes and laboratory testing results. An audit of this work was done by Geotek Pty Ltd as part of the Nelson Bay River Mine Pit Stability Plan required as a condition of approval for mining. Grade control is an integral part of mining as described in the Nelson Bay Iron Project Direct Shipping Ore Feasibility Study and DSO JORC Reserve Statement of October 2012. No pre-production drilling is required.
	• *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).*	• The Mineral Resource model used is that described in the Nelson Bay Iron Project Updated Resource Estimate for the DSO Deposit, 13 November 2013. All the Measured and Indicated Resources are

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		contained within the DSO pit shell and these form the ore reserves.
	• *The mining dilution factors used.*	• Mining dilution of 5% with low grade ore was used.
	• *The mining recovery factors used.*	• Mining loss of 5% of the in situ ore was used.
	• *Any minimum mining widths used.*	• Minimum mining widths were not applicable as internal waste was included with the ore in the model.
	• *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.*	• The Inferred Mineral Resources included in the pit, where appropriate, were mined in conjunction with the Measured and Indicated Resources as there is no way that they can be differentiated separately in the block model. Where mined any Inferred Resource is included in the production schedule.
	• *The infrastructure requirements of the selected mining methods.*	• The infrastructure requirements of the selective mining method have been included in the Direct Shipping Ore Feasibility Study of July 2012.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	• The direct shipping ore requires no metallurgical process beyond crushing and screening to produce a product.
	• *Whether the metallurgical process is well-tested technology or novel in nature.*	• Not applicable.
	• *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.*	• Not applicable.
	• *Any assumptions or allowances made for deleterious elements.*	• Not applicable.
	• *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the*	• Not applicable.

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	orebody as a whole. • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• The ore reserve estimation is based on the mineralogy described in the Ore Resource Statement.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• The status of studies of potential environmental impacts have been covered in the Shree Minerals Limited environmental reports submitted to the Tasmanian and Federal Government Departments which resulted in both governments granting approval to mine and the granting of mining lease 3M/2011 on 12 September 2012. • Specific Details are contained in the Development Proposal and Environmental Management Plan (DPEMP), Nelson Bay River Magnetite Mine provided for the project.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• The DSO Feasibility Study and associated documentation provided to the Tasmanian Government to obtain mining approval covered the aspects of power, water, transportation, labour, accommodation and access for the mining operation.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.*	• As stated in the DSO Feasibility Study, production is based on the owner/operator "dry hire" of equipment with contractors quotes used for drilling and blasting, crushing and screening of ROM ore and product transport from the minesite to the port. Minesite infrastructure and industrial facility requirements were determined by Shree based on discussions with plant and service providers.
	• *The methodology used to estimate operating costs.*	• Operating costs were determined in a costed model spreadsheet of the operations based on the minesite "dry hire" operations followed by contract crushing and screening with contract trucking to port and contract ship loading of the product.

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	• *Allowances made for the content of deleterious elements.*	• Potential acid forming (PAF) waste material was modelled separately and treated as a separate unit in the mine plan and production schedule with costings covered by equipment usage.
	• *The source of exchange rates used in the study.*	• Not applicable. All costs in Australian dollars.
	• *Derivation of transportation charges.*	• Transportation charges for product to port were obtained by Shree from contract quotations.
	• *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.*	• Not applicable. Price determined by Fe grade of DSO product.
	• *The allowances made for royalties payable, both Government and private.*	• Royalty calculated at 2.5% of total revenue on the basis of free on board sales prices.
Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.*	• Shree undertook market research based on providing a DSO product ranging from 58% Fe to 55% Fe and the specifications obtained from the Prefeasibility Study, 11 December 2011, and the Feasibility Study, 4 July 2012.
	• *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	• Shree determined the DSO prices used based on discussions with potential customers where a range of sales and funding alternatives were covered.
Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.*	• Not undertaken as replaced by direct contact discussions with customers.
	• *A customer and competitor analysis along with the identification of likely market windows for the product.*	• Not undertaken as replaced by direct contact discussions with customers.
	• *Price and volume forecasts and the basis for these forecasts.*	• Fixed volume based on the production schedule and agreed price with customer.

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	• *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• Not applicable.
Economic	• *The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.* • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	• The project economic evaluation was undertaken by Shree independently to the DSO Feasibility Study. The DSO Feasibility Study demonstrates the technical and commercial feasibility of DSO mining as a stand-alone operation. This is considered the first stage of a three phase operation. The second stage involves mining oxide ore requiring beneficiation and the final stage involves mining the main magnetite deposit beneath the stage two oxide ore.
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• Agreements with key stakeholders and a social licence to operate have been concluded with the granting of a mining lease and State and Federal government approvals granted for mining.
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:*	• No impacts relevant to the project and classification of the Ore Reserves have been determined.
	• *Any identified material naturally occurring risks.*	• No material naturally occurring risks have been identified that affect the Reserve estimate.
	• *The status of material legal agreements and marketing arrangements.*	• No material legal and marketing impediments have been identified that affect the Reserve estimate.
	• *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• Government approvals to mine are in place. There are no known government issues that affect the Reserves Estimate.

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Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• The classification of the Ore Reserves into the confidence categories of Proven and Probable categories reflects the confidence of the ore Resource categories in the Ore Resource Statement. Ore in each category is fully contained within the orebody mined within the pit shell with a selvage of lower grade ore encasing the high grade DSO ore. • The classification appropriately reflects the Competent Person's view of the deposit. • No Probable Ore Reserves have been derived from Measured Mineral Resources.
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• The Behre Dolbear Australia Pty Ltd (BDA) review dated 21 January 2013 revised the DSO Feasibility Study of 4 July 2012 and the JORC Reserves Statement, 24 October 2012, prior to the latest round of drilling concluded: *"BDA's review of the NBR project resource and reserve estimates has been in accordance with Australian industry standards and for compliance with the Code and Guidelines for Reporting Exploration Results, Mineral Resources and Ore Reserves - Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia – 2004 Edition ("the JORC Code). BDA has reviewed the resource and reserve processes and procedures and considers them generally appropriate and in compliance with the JORC Code. BDA has not re-estimated the resources or reserves, or undertaken a detailed audit, but no material issues or areas of concern have been identified.*

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		The DSO South reserve estimate is based on the assumption that 100% of the Indicated resource will be recoverable with minimal dilution; BDA notes that the overall reserve grade is quoted at the same level as the in situ resource. Given the shallow nature of the mineralisation and the simple and well-defined geology and geometry, BDA would expect a high recovery and minimal dilution, however BDA considers it would be prudent from a financing perspective to assume some ore loss and some mining dilution; BDA suggests 95% recovery and 5% dilution with peripheral material. BDA considers there is significant potential to extend the DSO reserves, by upgrading the Inferred material to Indicated." This current November 2013 Ore Reserves Statement uses the BDA suggested recovery and dilution criteria for this updated ore reserve.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a*	• The shallow nature of the mineralisation of the deposit and its simple and well defined geology and geometry coupled with no surface constraints or geotechnical constraints determine there is little scope for factors to affect the relative accuracy and confidence in the Ore Reserve estimate provided. The confidence of the Ore Reserve estimate is dependent on the accuracy of the Mineral Resource estimate. • The Ore Reserve estimates are considered to be accurate globally in line with the Mineral Resource estimates. • The accuracy and confidence of the Ore Reserves estimates are confined by the accuracy and confidence of the Mineral Resources

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	material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.	estimates and are consistent with the selective mining method adopted and the grade control processes described. The type and size of mining equipment specified is matched to suit the geology of the mineralisation of the deposit.
	• *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Relative accuracy and confidence of the estimate is yet to be compared with actual production data. Production commence during November 2013.