

18th December 2012

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

Dear Sir

**Sub: Nelson Bay River Iron Project : Final Government Approval Received
and Progressing to Production**

Shree Minerals Ltd (ASX: SHH) (“Shree” or “the Company”) is pleased to announce that it has received Commonwealth Government Approval under the EPBC Act for the Nelson Bay River Iron (“NBR”) Project.

This is a major milestone towards its objective to commence production at NBR as the company has previously received State Government approvals including a Mining Lease and a Development Permit, including the EPA’s environmental approvals.

All necessary approvals are now in place for the mine to proceed.

The decision comes after an extensive and comprehensive assessment process to confirm that the mine will proceed in accordance with best practice environmental management, including measures to prevent acid drainage, to protect and enhance wildlife habitat and to minimise the risk of road-kill.

The company’s chairman Mr Loyalka said that the company is excited about the prospects of developing the mine, which will be a benefit to the Tasmanian community.

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SHREE SHREE MINERALS LIMITED

“A new mine in north west Tasmania will provide very significant social and economic benefits to the region. In addition, the mine will generate royalties and payroll tax for the state government.”

Mr Loyalka stressed that the footprint of mining is very small in relation to the economic benefits that can be obtained and said that the approval decision represents a balanced approach to land management.

“We are particularly keen to create employment opportunities for young Tasmanians, to allow them to stay and prosper in the own community and not have to leave the state.”

“The environmentally responsible use of mineral resources can help Tasmania develop greater economic self-reliance and help pay for the public services that all Tasmanians need,” Mr Loyalka said.

During the year, the company has upgraded its Direct Shipping Ore (DSO) resources and has announced its first Maiden Reserves along with the mine plan for first couple of years of DSO operation. The DSO production process is simple and only requires crushing and screening. This confirms our belief that NBR project has the potential for early cash flows at low capital expenditure. Requisite studies have been completed for the DSO phase to a bankable feasibility level. This confirms that NBR project can deliver returns to shareholders and benefits to a range of stakeholders, particularly those in the northwest of Tasmania.

Additionally, during the year the Company also announced the results of Pre-Feasibility Study (PFS) involving all stages of the project. The PFS delivered excellent results, confirming the long-term value potential of the NBR project over a mine life of ten years.

The implementation of outstanding social and environmental practices, well beyond simple compliance, has been an integral part of Company's philosophy. The company continues to pursue Best Practice Environmental Management and the development of the NBR project is being undertaken with an innate sense of responsibility towards the well being of society and the environment.

Examples of these initiatives include the company volunteering to commission a research program to enhance the understanding of orchid biology in north

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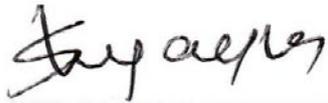
western Tasmania and also to support the Save the Tasmanian Devil Program (STDP).

The Company remains committed to playing an active role beyond business in the larger community.

The Company is in the process of assessing funding alternatives to proceed to production.

The company believes that development of NBR project will assist the region of northwest Tasmania to progress towards a more resilient future as a key component of regional Australia, with improved social equity and quality of life within its community. It is anticipated that the project will provide jobs for the next 10 years, with a potential future increase in the workforce if throughput rates are increased or alternative onsite mining areas are developed.

Sincerely,



Sanjay Loyalka

Chairman

The information reported herein is based on information compiled by Mr Mahendra Pal who is a Member of the Australian Institute of Company Directors, 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.

For media enquiry , contact Richard Gerathy on 0419 203075.

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