

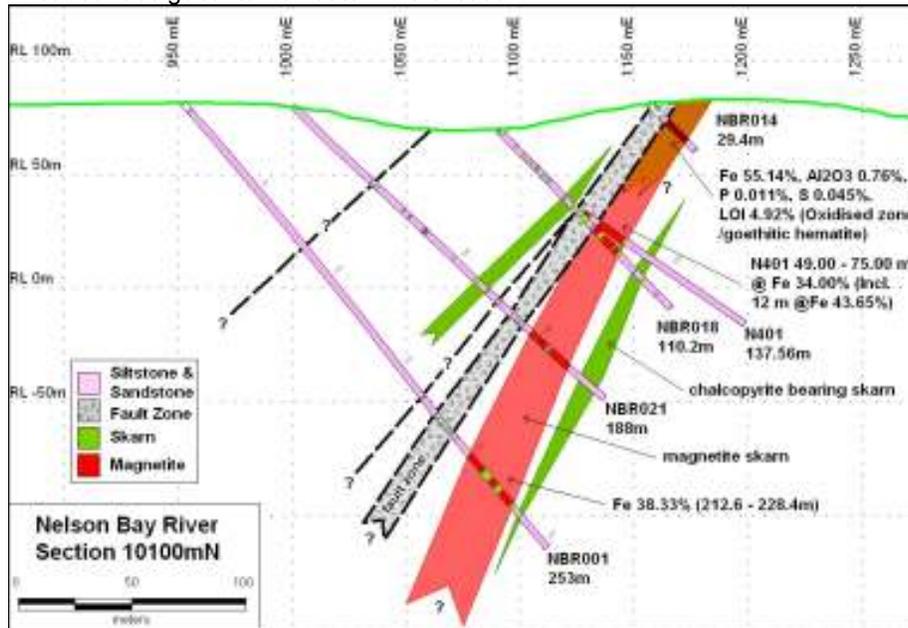
26<sup>th</sup> October 2010

## **Upgrade of Resource and Confirmation of Direct Shipping Ore at Nelson Bay Iron Ore Project**

### **Highlights**

- **New iron resources have been delineated**
- **A global iron resource estimate of 12.7Mt at 36.1% Fe including magnetite resources and goethite-hematite resources**
- **14% increase in magnetite resources**
- **Upgrading part of magnetite resources to Indicated category.**
- **A new goethite-hematite Inferred Resource of 1.2Mt containing 0.5Mt of Direct Shipping Ore (DSO) at an average grade of 57.8% Fe and 0.7Mt of Beneficial goethite-hematite.**
- **Geological and geophysical studies suggest further potential for DSO, Beneficial goethite-hematite material and magnetite resource in the project.**
- **Company confirms objective to commencement of mining next year.**

The iron mineralisation at the Nelson Bay River Iron Project (EL41/2004) is hosted by a 10 to 28 metres wide mafic dyke, which cross-cuts the country rocks and increases in width with depth (Figure 1). Within this dyke is a magnetite-rich section and oxidation of the dyke by weathering has generated near surface goethite-hematite mineralisation.

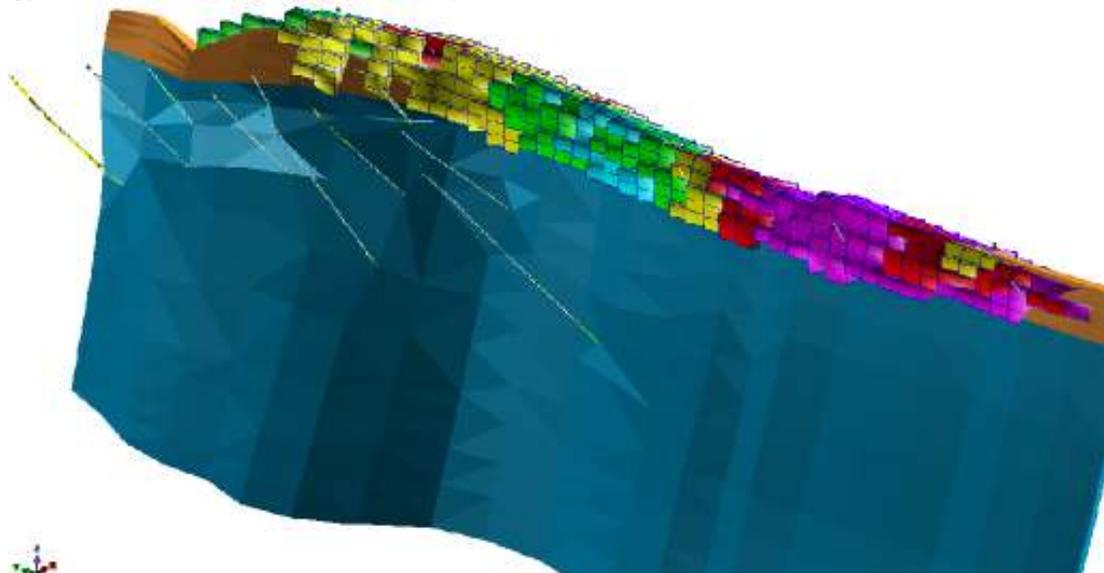


**Figure 1: Ore body cross sectional view with mineralisation types & grades**

### Resource Estimation

The present estimates are made by the independent geological consultants Hellman & Schofield Pty Ltd and are reported according to the JORC Guidelines, based on information from 24 diamond holes, drilled for 2,512.96 metres

Resource modelling included the generation of mineral wireframes based on geological logging and nominal iron or magnetite cut off grades. Ordinary Kriging was used on 1m composites from within the wireframes to generate block models (Figure 2). The resource estimates for the different ore types are tabulated below (Tables 1 to 3):



**Figure 2 Nelson Bay Iron Project Goethite-Hematite Iron Block Grade Distribution**  
 (View: grid north east; cyan = fresh iron mineral zone including magnetite zone; brown = oxidised mineral zone)  
 (Blue = 0-30%; cyan = 30-37; green = 37-45; yellow = 45-52; red = 52-57; magenta = >57% Fe)

**Table 1: Iron Resource Estimates at Nelson Bay River Iron Project**

Resource Category	Mass (Mt)	Fe %
Indicated	1.8	38.6
Inferred	10.8	35.6
<b>Total</b>	<b>12.6</b>	<b>36.1</b>

*Note: The resource estimate includes the magnetite resource material and is estimated using a 30% Fe cut off and with an average density of 3.5 t/m<sup>3</sup>;*

**Table 2: Magnetite Resources at Nelson Bay River Iron Project**

Resource Category	Mass (Mt)	Mag% (DTR)	Contained Magnetite (Mt)
Indicated	1.7	38.5	0.7
Inferred	6.1	38.2	2.3
<b>Total</b>	<b>7.8</b>	<b>38.3</b>	<b>3.0</b>

*Note: The resource estimate is based on 20% magnetite (DTR) cut off and with an average density of 3.71 t/m<sup>3</sup>. DTR = Davis Tube Recovery*

**Table 3: Goethite-Hematite Resources at Nelson Bay River Iron Project**

Area	Mass (Mt)	Grade (%)							Remarks
		Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	S	LOI	Fe (Cal)	
NBR South	0.5	57.8	8.8	1.4	0.06	0.03	6.3	61.7	DSO
NBR North	0.7	46.8	23.7	2.7	0.02	0.07	4.7	49.1	Beneficiable material
<b>Total</b>	<b>1.2</b>	<b>51.0</b>	<b>18.0</b>	<b>2.2</b>	<b>0.04</b>	<b>0.05</b>	<b>5.3</b>	<b>53.9</b>	

*Note: The resource estimate is estimated at 30% Fe cut off and with an average density of 3 t/m<sup>3</sup>; The Fe (Cal) grade is the calcined iron grade with the loss on ignition material removed from the block grade value [Fe\_Cal = Fe / (100-LOI)]. The resources are of Inferred Category.*

The work performed to date, strengthen the Company's belief that the Nelson Bay Project has the potential to produce the following:

- Direct Shipping Iron Ore (DSO)**, with very low deleterious elements
- Iron Ore product (Fines & Lump)** from Beneficiable goethitic-hematite iron resource. Preliminary gravity separation (shaking table) results average as follows :

Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	P	S
%	%	%	%	%
57.3	11.2	1.1	0.1	0.1

- Magnetite concentrates suitable for Dense Media separation in coal washery and high-grade Blast Furnace pellets.** Recent Davis Tube Recovery results from the 2010 drilling show improved magnetite concentrate grades over previous results. The following is an average of 2010 concentrate grade results for the magnetic fraction

Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	S
%	%	%	%
70.0	1.9	0.2	0.1

## Outlook

With the encouraging exploration results the Company intends to pursue its objective of completing processes to make application for various approvals in early 2011 to commence mining operations latter in the year. Requisite Environmental & Engineering studies are well advanced in this regard. **With the DSO and Beneficial Goethitic-hematite Iron resources being near surface, the company has had discussions with appropriate mining contractors & believes it can start mining operations within few months of obtaining regulatory approvals.**

The Company has also submitted an application for approval for further drilling program to MRT (figure 3). This program is aimed to extend DSO resources to the south of the current resources & upgrade the category of the current inferred Goethite-Hematite Resources. The drilling work is anticipated to commence in early 2011.

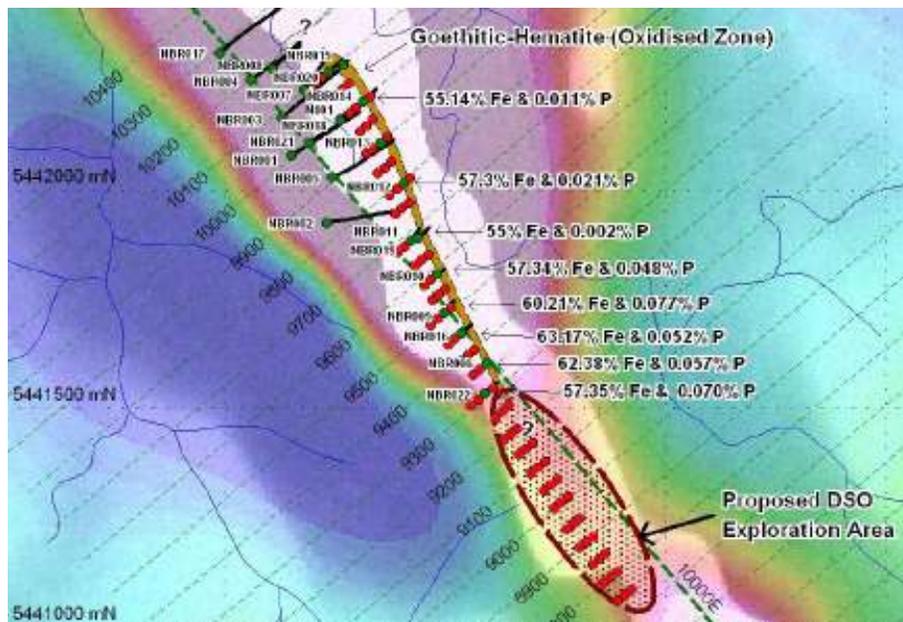


Figure 3: Location of planned drill holes (red) for 2011 work program (AGD66, Zone 55).

## About Shree Minerals

Shree Minerals Ltd is a multi-commodity exploration and development company which was listed on the ASX. The Company has interests in iron, coal, gold, and base metals. All held tenements are in Tasmania.

Sanjay Loyalka  
Chairman

*The data in this report that relates to Mineral Resources for the Nelson Bay Iron Ore Project is based on information evaluated by Mr Simon Tear and Mr Arnold van der Heyden who are Members of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Tear and Mr van der Heyden are full-time employees of Hellman & Schofield Pty Ltd and they consent to the inclusion in the report of the Mineral Resources in the form and context in which they appear.*

*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 (Non-Executive Director) 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.*