

4th April 2011

Shree Minerals Drilling Update at Nelson Bay Iron Project

Shree Minerals Ltd (Shree or the Company) is pleased to advise that the RC percussion drilling (RC) program for 2011 at its Nelson Bay River Iron Project (NBR) is on schedule and progressing as planned.

Highlights

- **RC percussion drilling at Nelson Bay River Iron Project (NBR) commenced on 7th March 2011.**
- **By 27 March 633 m along 12 drill holes on 4 cross sections were drilled.**
- **The drilling has intersected Goethitic-hematite in all holes drilled.**
- **Intersection true widths returned are favourably greater than the expected as defined in the recent resource modelling (~9m average within a range of 7 m to 13 m across the oxide resource model).**

Background

The Nelson Bay Iron Project includes two contiguous licences, EL 41/2004 and EL 54/2008 and cover areas of 50 km² and 43 km² respectively. The Project area is located about 5 km east of the town of Temma and about 70 km southwest of Smithton, in North West Tasmania. Access to the tenements is via the Temma and Heemskirk sealed road and thereon via nicely maintained forestry tracks.

The Nelson Bay River iron mineralisation is hosted by a 10 to 28 metres wide mafic dyke that cross cuts the country rocks at right angle. The tenements contain a series of NW striking, strong amplitude magnetic anomalies (Figure 2). One of these anomalies (~ 4 km long) occurs within the EL41/2004 and is known as the **Nelson Bay River Magnetite** (Figure 2); subject of this reporting. A second, similar to the Nelson Bay River anomaly, occurs 5 km south within EL54/2008 and is known as the **Rebecca Magnetite Anomaly** (Figure 2). The Company has 100% interest in the Project tenements.

The Project area has few identified magnetic anomalies (Figure 2). Major part of the exploration work has been carried out on the Northern anomaly (Nelson Bay River Magnetic Anomaly). Since inception the Company has directed its resources towards the development of the Northern anomaly and has carried out outcrop sampling (grab and channel sampling), diamond drilling, ground magnetic surveys, etc. The drilling has extended the strike length of the iron mineralisation to almost 1km in the northern anomaly, intersected both DSO and beneficiable magnetite materials.

Resources

The Company currently has a global iron resource of 12.7 Mt at 36.1% Fe including magnetite resources and goethite-hematite resources estimated as per the Australasian Code for Reporting of Mineral Resources and Reserves (the 'JORC Code' or 'the Code').

Out of the above, 1.2 Mt is Inferred Resource of goethite-hematite (0.5 Mt

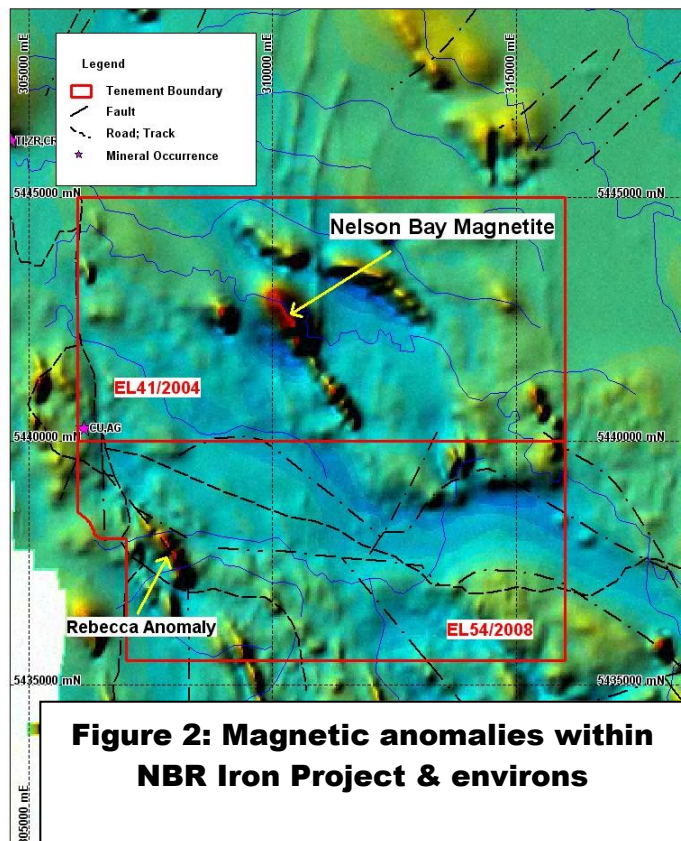


Figure 2: Magnetic anomalies within NBR Iron Project & environs

of Direct Shipping Iron Ore (DSO) at an average grade of 57.8% Fe and 0.7 Mt of Beneficiable goethite-hematite) and 7.8 Mt is Indicated Resource of magnetite at an average grade of 38.3% DTR magnetite capable of producing high-grade concentrates to produce

- Blast Furnace (B F) Pellets
- Dense Media Magnetite (DMM)

Work Performed

Reverse Circulation (RC) drilling at the Nelson Bay River Iron Project commenced on 7th March, 2011. By 27 March 12 drill holes (NRC1 to NRC12) totalling 633m on 5 cross sections were drilled (Figures 4 to 8 and Table 1). The drilling completed and planned is shown in Figure 3.

The drilling is aimed to upgrade DSO resource in category and delineate further south DSO resource in the Project area. Ore intersection varied from 8 to 20 metres (Figures 3 to 7).

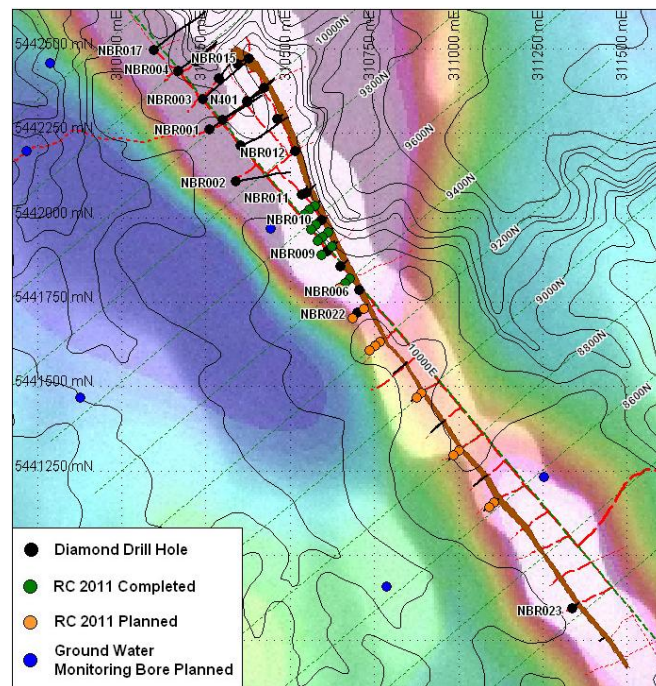


Figure 3: Drill hole location plan

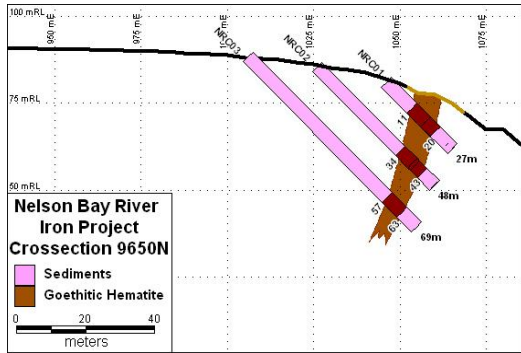


Figure 4: Cross section 9650 mN

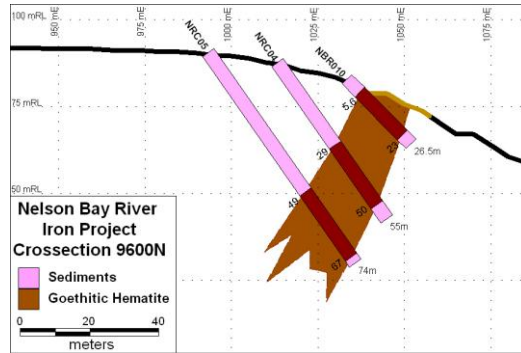


Figure 5: Cross section 9600 mN

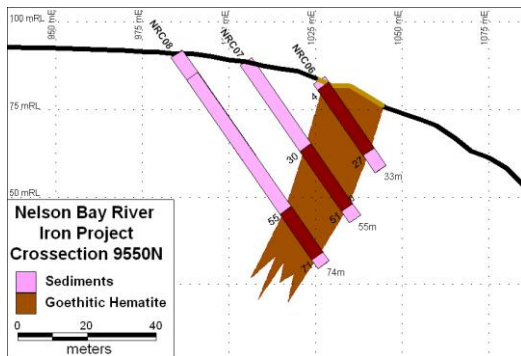


Figure 6: Cross section 9550 mN

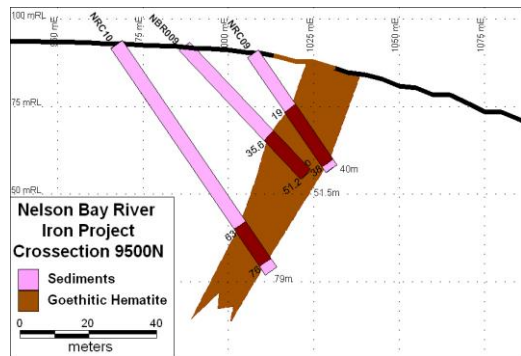


Figure 7: Cross section 9500 mN

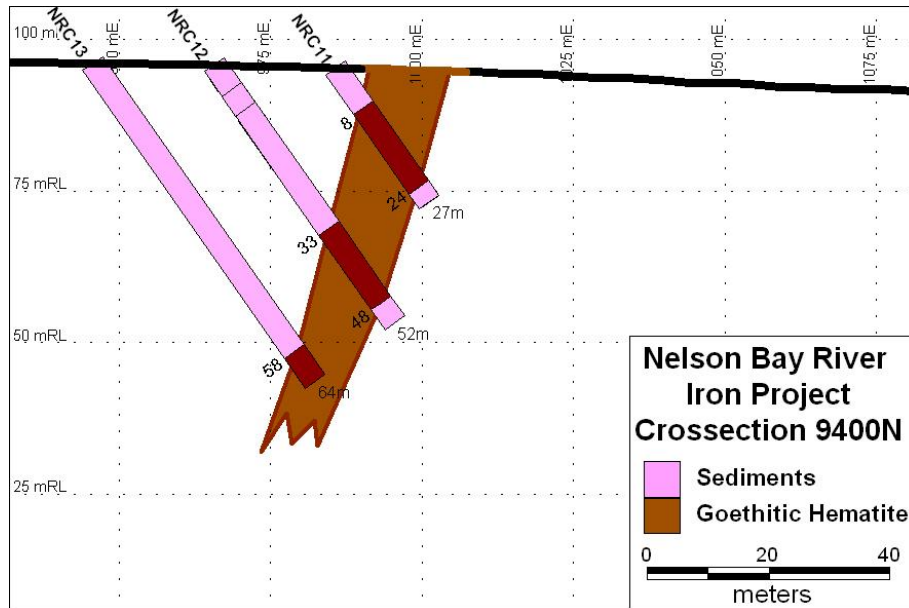


Figure 8: Cross section 9400 mN

Additionally, access track upgrade and drill site preparation for the upcoming drilling and studies related to Project developments were carried out.

Table 1: NBR RC Percussion drilling progress as at 27 March 2011

| Hole ID | Location (m) | | Intersection (m) | Lithology | Section (mN) | Location (m) | |
|---------|--------------|------|------------------|------------------------------------------|--------------|--------------|-----------|
| | From | To | | | | Easting | Northing |
| NRC01 | 0 | 10.5 | | Un-differentiated sediments | 9650 | 310572 | 5442036 |
| | 11 | 20 | 9 | Goe-hematite | | | |
| | 16 | 27 | | Un-differentiated sediments | | | |
| NRC02 | 0 | 34 | | Un-differentiated sediments | 9650 | 310557 | 5442023 |
| | 34 | 43 | 9 | Goe-hematite | | | |
| | 43 | 48 | | Un-differentiated sediments | | | |
| NRC03 | 0 | 57 | | Un-differentiated sediments | 9650 | 310541 | 5442010 |
| | 57 | 63 | 6 | Goe-hematite | | | |
| | 63 | 69 | | Un-differentiated sediments | | | |
| NRC04 | 0 | 29 | | Un-differentiated sediments | 9600 | 310577.5 | 5441979.3 |
| | 29 | 50 | 21 | Goe-hematite | | | |
| | 50 | 55 | | Un-differentiated sediments | | | |
| NRC05 | 0 | 49 | | Un-differentiated sediments | 9600 | 310562.2 | 5441966.5 |
| | 49 | 67 | | Goe hematite, traces of magnetite | | | |
| | 67 | 74 | 18m+ | Un-differentiated oxidised (wet samples) | | | |
| NRC06 | 0 | 2 | | no sample | 9550 | 310611.6 | 5441956.9 |
| | 2 | 4 | | Goethitic Un-differentiated sediments | | | |
| | 4 | 27 | 23 | Goe-hematite | | | |
| | 27 | 33 | | Un-differentiated sediments | | | |
| NRC07 | 0 | 30 | | Un-differentiated sediments | 9550 | 310596.3 | 5441944.1 |
| | 30 | 51 | 21 | Goe hematite | | | |
| | 51 | 55 | | Un-differentiated sediments | | | |
| NRC08 | 0 | 55 | | Un-differentiated sediments | 9550 | 310580.9 | 5441931.2 |
| | 55 | 71 | 16 | Un-differentiated iron ore | | | |
| | 71 | 74 | | Un-differentiated sediments | | | |
| NRC09 | 0 | 2 | | CLOSS | 9500 | | |
| | 35.6 | 51.5 | | Un-differentiated iron ore (wet samples) | | | |
| NRC10 | 0 | 63 | | Un-differentiated sediments | 9500 | | |
| | 63 | 76 | 13 | Un-differentiated iron ore | | | |
| | 76 | 79 | | Un-differentiated sediments | | | |
| NRC11 | 0 | 8 | | Un-differentiated sediments | 9400 | | |
| | 8 | 24 | 16 | Magnetic ore | | | |
| | 24 | 27 | | skarn | | | |
| NRC12 | 0 | 4 | | Un-differentiated sediments | 9400 | | |
| | 33 | 48 | | Un-differentiated iron ore | | | |
| | 48 | 52 | | Un-differentiated sediments | | | |

Note: Coordinates given are in the Map Grid of Australia 1994 (MGA94). Holes are oriented to -50° to 050°. Sampling is conducted at 1 m intervals and to continue quality control will be analysed at SGS Australia laboratories.

Outlook

Based on the encouraging drilling results and resource estimates carried out to date, the Company is of the view that the Nelson Bay Iron Project has resources to produce Direct Shipping Iron Ore (DSO) as well as beneficiable material (magnetite) capable to produce concentrates suitable for coal washeries and high-grade pellets.

With the year to date encouraging drilling results the Company has further planned to drill 3 PQ size core (material for metallurgical testing) holes for 72 metres and continue delineating further goethitic-hematite mineralisation in the Project area.

Other Tenements

As stated earlier the Company, since its inception, has concentrated a major part of its resources on the development of the Nelson Bay River Iron Project as detailed above. However, the Company can report that all other tenements are in good standing and meet all statutory requirements.

About Shree Minerals

Shree Minerals is a Perth-based multi-commodity exploration and development company which was listed on the ASX in February 2010. The Company has interests in iron, gold, and base metals. All tenements are in Tasmania.

For further information please contact:

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Shree Minerals Limited

The information reported herein is based on information compiled by Mr Mahendra Pal who is a Fellow 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.