#

SHREE MINERALS LIMITED

Quarterly Report

PERIOD ENDING 31 DECEMBER 2012

ASX Code: SHH

Highlights of December Quarter

- Commonwealth Government approval for mine development at the Nelson Bay Iron Project (NBR) was received
  - All approvals in hand to develop mine at Nelson Bay River Iron Ore Project
- Maiden DSO Reserves for the first two years of DSO mining at the Nelson Bay River Iron (NBR) Project were estimated and reported.

This report covers Shree Minerals' (Shree or the Company) exploration related activities for the quarter ended 31st December 2012.

Unless otherwise stated, Company's interest in the tenements referred to in this report is 100 per cent and references to schedules are based on calendar year. Overall, all planned exploration work remains broadly on schedule.

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Nelson Bay River Iron (NBR) Project statutory approvals progress

During the reporting period, the Company received

- Approval from the Australian Commonwealth Government, under EPBC ACT, for developing mine at Nelson Bay River Iron Project
- All approvals in hand now to develop mine at Nelson Bay River Iron Ore Project by the Tasmanian Resource Management and Planning Appeal Tribunal

3D Aeromagnetic Inversion Study

During the reporting period, a 3D Magnetic Inversion study was carried out with the aim to assist in better planning of the coming drilling program as well as to get a better understanding on the likely continuity of the main magnetic anomaly from north to south at the tenement. The study was based on all available magnetic data from MRT on the area.

The 3D magnetic inversion model (Figure 1) suggests continuity between the Main Body (Northern Anomaly) and the South Anomaly, but with in-between areas of non-magnetic material that could be inferred to be oxide mineralisation. Scattered detrital gossan fragments were noticed during recent reconnaissance in the Southern Anomaly area.

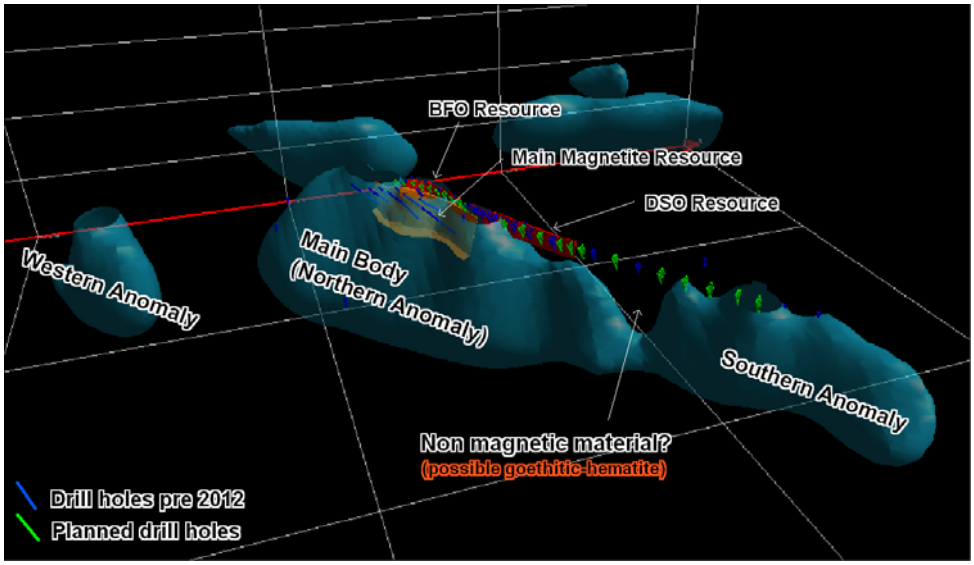

Figure 1: NBR 3D magnetic model with all drill holes - viewed from southwest (Data modified from consultants H & S and Cowan).

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The modelling indicates substantial continuation at depth of the magnetite-bearing ultramafic dyke.

DSO Maiden Reserves and Mine Plan

Reserves

The company published maiden DSO Reserves vide ASX announcement dated 29th October 2012. The DSO Iron Reserve Statement that conforms to the JORC Resources guidelines is shown in Table 1. The methodology & other details are provided in the said announcement.

Table 1: Nelson Bay Iron Ore Project - DSO Reserves Statement

Resource Category	Mass (Mt)	Grade (%)					
		Fe	Al_2O_3	P	S	SiO_2	LOI
Proven							
Probable	0.33	57.4	1.3	0.075	0.035	9.2	6.4
Marketable	0.33	57.4	1.3	0.075	0.035	9.2	6.4
Total	0.33	57.4	1.3	0.075	0.035	9.2	6.4

Average density 3t/m^3; the use of significant figures does not imply precision; minor rounding errors. (DSO cut off based on a nominal 54% Fe)

Mine Plan for DSO Iron Ore

The production schedule for the first two years comprise of mining DSO iron ore .The DSO requires no further beneficiation to produce a marketable product . It only requires crushing and screening. Two separate DSO pits are planned in the first two years (comprising DSO South Pit and DSO North Pit, which is within the BFO resources) with following total resultant pit quantities:

Ore Type	Tonnes (Mt)	Grade (Fe %)
DSO Ore	0.815	57.5

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Outlook

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

Drilling at NBR scheduled for November 2012, due to non-availability of drill rig, commenced on 3 January 2013. The drilling program includes ~ 3000 m of RC percussion and about 500 m of HQ diamond. The RC drilling is mainly to improve resource category and further extension of resources/reserves to increase the extent of DSO resources to develop a mine plan for DSO beyond current production schedule of 2 years. The diamond drilling is to carry out geotechnical studies at the Project. The planned drilling program is shown in Figure 2.

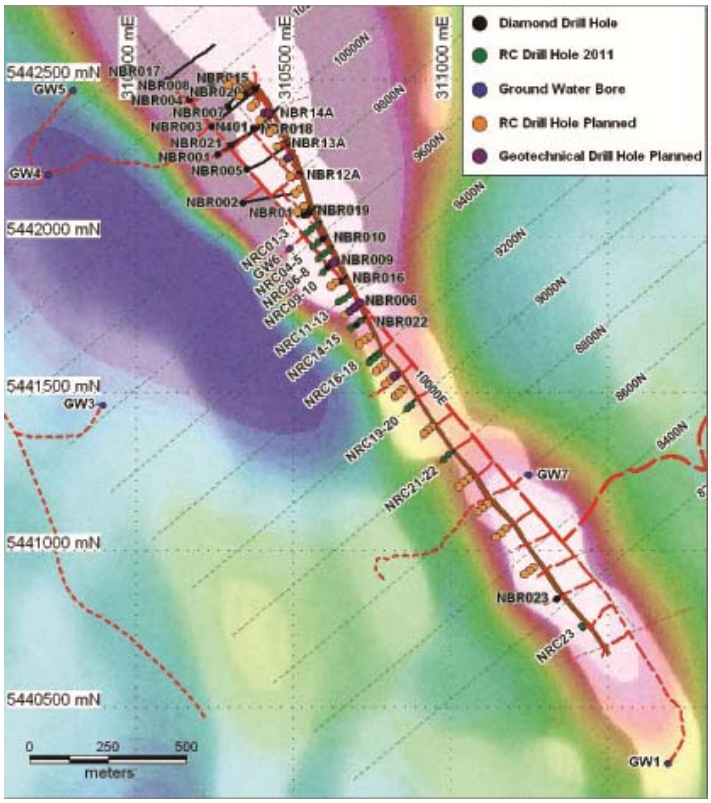

Figure 2: NBR planned drilling program

Additionally, at the adjoining Rebecca Creek tenement (in view of the recent 3D magnetic modelling study) a ground magnetic survey of the tenement land at 100m line spacing is planned. The work is scheduled for commencement at the completion of NBR drilling.

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Sulphide Creek - EL43/2004

Background

The Sulphide Creek tenement contains three principal prospects: Davie, Anomaly 24-28, and Coupon. During the month of November spectral information from three diamond drill holes from Coupon Prospect, drilled in the period 1993-95, was studied by the consultant. Over all finding are found to be similar to that of Davies Prospect, i.e. a spatial association is observed between the gold (Au) assays and spectroscopic signatures of an alteration mineral assemblage comprising dickite plus hematite, minus white mica and kaolin, occurring at a boundary (gradient) in mica chemistry composition.

Outlook

In view of the spectral study findings from Davie Prospect, a field reconnaissance was undertaken from 11 to 14 December 2012. During reconnaissance at relatively regular intervals from available outcrops, 78 rock chip samples for HyLogger analysis, 17 grab and composite rock chip samples for multi-element analysis were collected and dispatched to relevant labs.

A section along ABT railway line cuttings was mapped. A key rail cutting starting from the Coupon access showed moderate to steep west dipping shear – related foliation; similar to Davie Prospect. A number of quartz vein orientations were identified

Observations made during this reconnaissance suggest that detailed geological mapping is required to enhance understanding of Anomaly 24-28 and environs before planning any drilling in the area of Sulphide Creek tenement.

Other Tenements

Shree Minerals' exploration activities for the Quarter in review were confined to those referred to in this report. However, the Company can report that all other tenements remain in good standing and meet statutory requirements.

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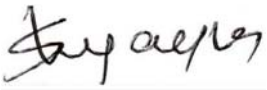
Proposed Work Program for Q1 - 2013

For Q1, 2013 the following activities are planned:

- Continue study of information acquired during the 2 Quarter on Mt Sorell, Mt Bertha and Sulphide Creek tenements and planning of appropriate further exploration work for these tenements;
- Drilling of ~3500 m (~3000 m RC and ~ 500 m diamond) to upgrade resources category and extension of resources, and diamond drilling for geotechnical studies;
- Review of data from other tenements;
- Steps to finalise various contracts and requisites plans & processes to commence project development at NBR with aim of production commencement in middle of 2013,

Yours faithfully



Sanjay Loyalka

Chairman

About Shree Minerals

Shree Minerals Limited is a multi-commodity exploration company, which listed on the Australian Stock Exchange (ASX). The Company has project interests in iron, gold, and base metals. All tenements are in Tasmania. The Company currently has one core project; the Nelson Bay River Iron Project in the North West Tasmania

The information in this report that relates to Exploration Results, Minerals Resources or Ore Resources 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 (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.

The information in this report for the Direct Shipping Iron Reserve estimate for the Nelson Bay River Iron Project, was prepared under the direction of Alwyn Hyde-Page, director and member of The Minserve Group Pty Ltd. Alwyn Hyde-Page is a Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM) with 40 years' experience and has the relevant experience in relation to the mineralisation being reported to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2004 Edition)". 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.

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