SHREE

Quarterly Report

PERIOD ENDING 30 June 2010

ASX Code: SHH

This report covers Shree Minerals' (Shree or the Company) exploration related activities for the quarter ended 30 June 2010.

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.

Highlights of June Quarter

- **During the reporting period 348 m of diamond along 4 holes at Nelson Bay River Prospect was drilled.**
- **The drilling and surface outcrop examination at Nelson Bay River *has established presence of hematite–goethite mineralisation over more than 1 km strike length.***
- **The above strengthens the Company's belief that the Nelson Bay River (NBR) Project has potential to produce Direct Shipping Ore (DSO) with grades of greater than 60% Fe.**
- **Study of MRT flown airborne magnetic data suggests that magnetite in part of the Nelson Bay River *could continue beyond 300 metres depth***
- **Drilling results at the Sulphide Creek Prospect suggest *strong potential for discovering moderate to high-grade gold mineralisation at depth***
- **Further results confirm gold mineralisation extends to >168 m depth and remains open at depth and along strike.**
- **The work carried to date suggests that the Davie Prospect has excellent potential for hosting a sizable gold resource**

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Nelson Bay River Iron Ore Project

The Nelson Bay Iron Project includes two contiguous licences, EL 41/2004 and EL 54/2008. The Project areas are 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 forestry tracks

Geology

The Nelson Bay River (NBR) iron mineralisation is hosted by a strongly magnetic 10 to 28 metres wide mafic dyke that cross cuts the country rocks (siltstone, sandstone, hornfels, etc.) at right angle. Airborne magnetic survey of the area has highlighted a series of NW striking, strong amplitude magnetic features (Figure 2). The magnetic feature within tenement EL41/2004 is known as the **Nelson Bay Magnetite** (Figures 1) and within EL54/2008 is known as the **Rebecca Anomaly** (Figure 1).

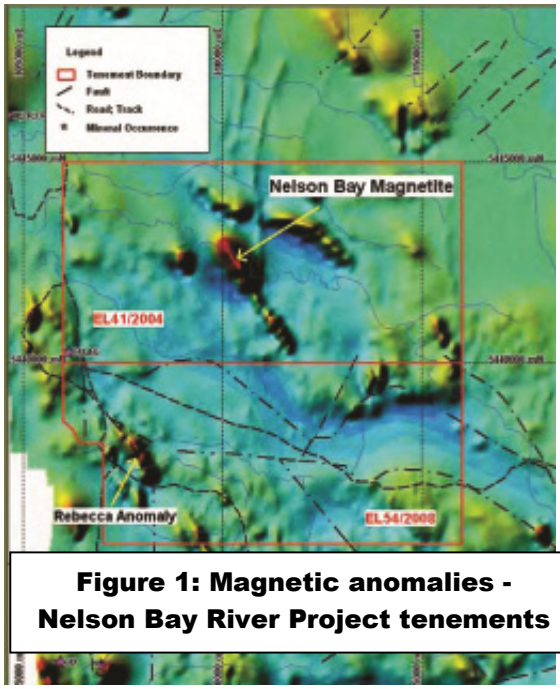

Figure 1: Magnetic anomalies - Nelson Bay River Project tenements

Work performed

The work carried out during the reporting period included; upgrading of access tracks, HQ diamond drilling of 348 m along 4 drillholes (Table 1 & Figure 2), geological re-logging (1167 m) of holes drilled before 2010 and geotechnical and geological logging of cores from recent drilling, collecting of 384 core samples for chemical analysis and metallurgical testing, 195 bulk density determinations, review of old and new data, detailed study of airborne and ground magnetic survey information, procurement of information etc.

Table 1: NBR drillhole information

	Location MGA 94 - (m)					
Drillhole No	**Easting**	**Northing**	**RL**	**Azimuth (°)**	**Dip (°)**	**Depth (m)**
NBR020	310345.15	5442455.26	75.40	50	-45	60
NBR021	310300.20	5442289.28	79.54	50	-45	188
NBR022	310699.32	5441718.99	99.32	50	-45	55
NBR023	311337.24	5440843.50	108.787	50	-45	45
Total meterage drilled						**348**

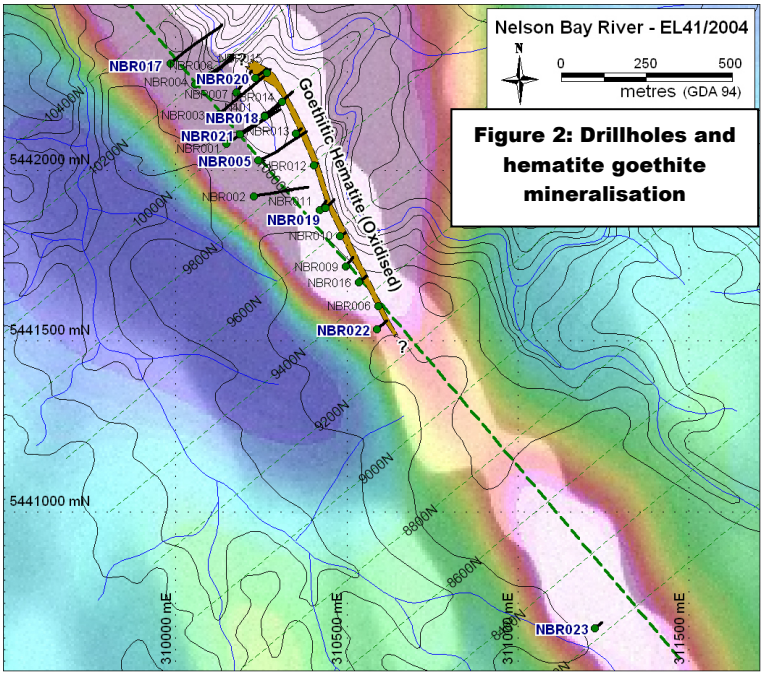

Figure 2: Drillholes and hematite goethite mineralisation

Note: Coordinates provided are in the Map Grid of Australia 1994 (MGA94). Sampling was conducted at 1 m intervals. Assays for samples from drillholes NBR 17 to 23 are awaited.

Based on the drilling and geological examination of cropping out hematite-goethite mineralisation so far at Nelson Bay River tenement, over more than 1km strike length of hematite-goethite mineralisation has been established (Figure 2). The hematite-goethite intersection Fe grades range from 50 -67.6%, with very low deleterious elements. The Company is of the view that the Nelson Bay River Project has the potential to produce Direct Shipping Ore (DSO), with grades greater than 60% Fe, as well as beneficiable material (magnetite) of greater than 38 % Fe capable to produce concentrates suitable for coal washeries and high-grade pellets.

At NBR several intersections of more than 2 meters hematite-goethite mineralisation were intersected; significant ones are given below (Table 2):

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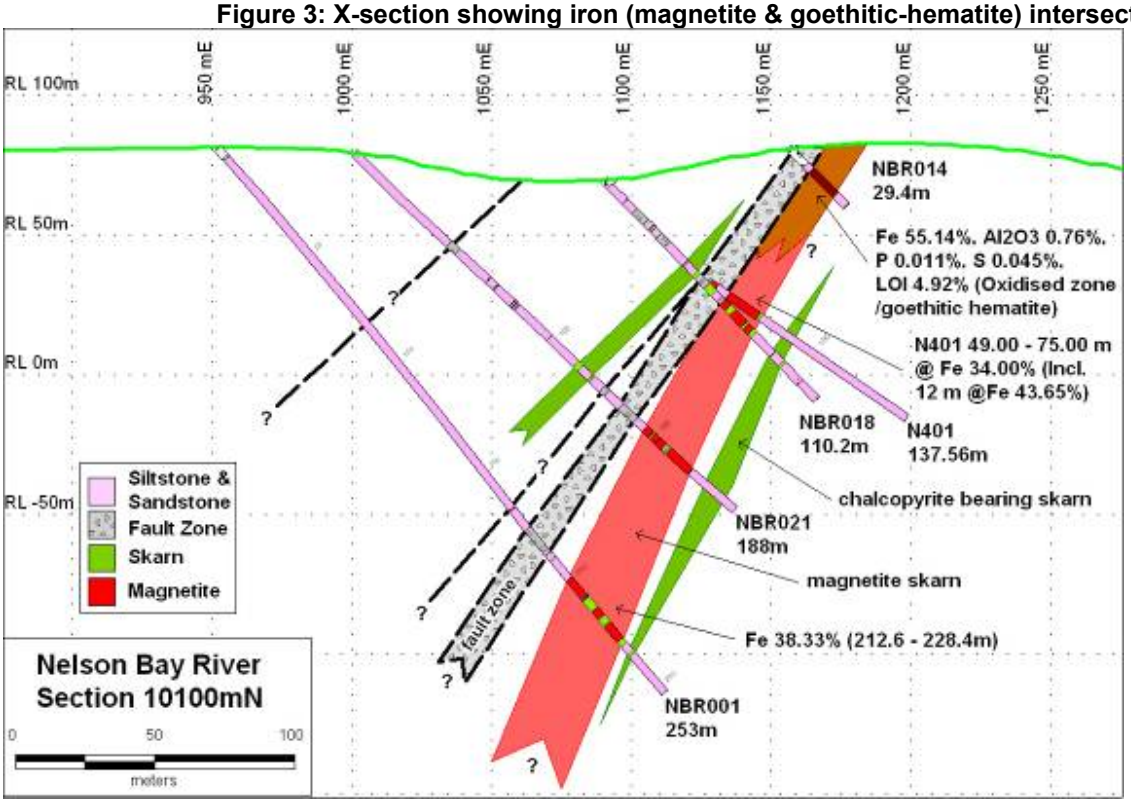
Table 2: Hematite-goethite intersections at EL41/2004

Drillhole No	Location (m)					Grade %					
	Drillhole		Sample (m)		Sample Interval						
	Easting	Northing	From	To		Fe	SiO_2	Al_2O_3	P	S	LOI
NBR-10	310592.899	5441992.2	5.5	13.5	8	57.34	9.00	1.43	0.048	0.053	7.48
NBR-12	310516.074	5442198.1	4	11	7	47.87	25.25	0.50	0.020	0.033	5.52
Includes			8	11	3	57.30	10.61	0.36	0.021	0.027	6.87
NBR-14 ***(Figure 3)***	310423.638	5442384.1	11	18	7	55.14	13.75	0.76	0.011	0.045	4.92

Legend		
Low-grade	Fe 50-59.9%	
Beneficiable material	Fe 30-49.9%	
Waste	Fe <30%	

Figure 3: X-section showing iron (magnetite & goethitic-hematite) intersections



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Geophysical study

Study of all available magnetic (airborne and ground magnetic survey) data was carried out by Cowan Geodata Services - Geophysical Consultants. Modelling/inversion of selected anomalies (Figure 18)indicate significant variation along the strike length of the deposit. Some profiles require the addition of a deeper body below the shallow iron mineralisation. Depth extent estimates are also variable with some anomalies indicating limited depth extent but others indicating an infinite depth tabular body;

3D Euler deconvolution suggests that the northern part is significantly deeper (Figure13); the area which contains the reported inferred resources of 6.9 Mt.

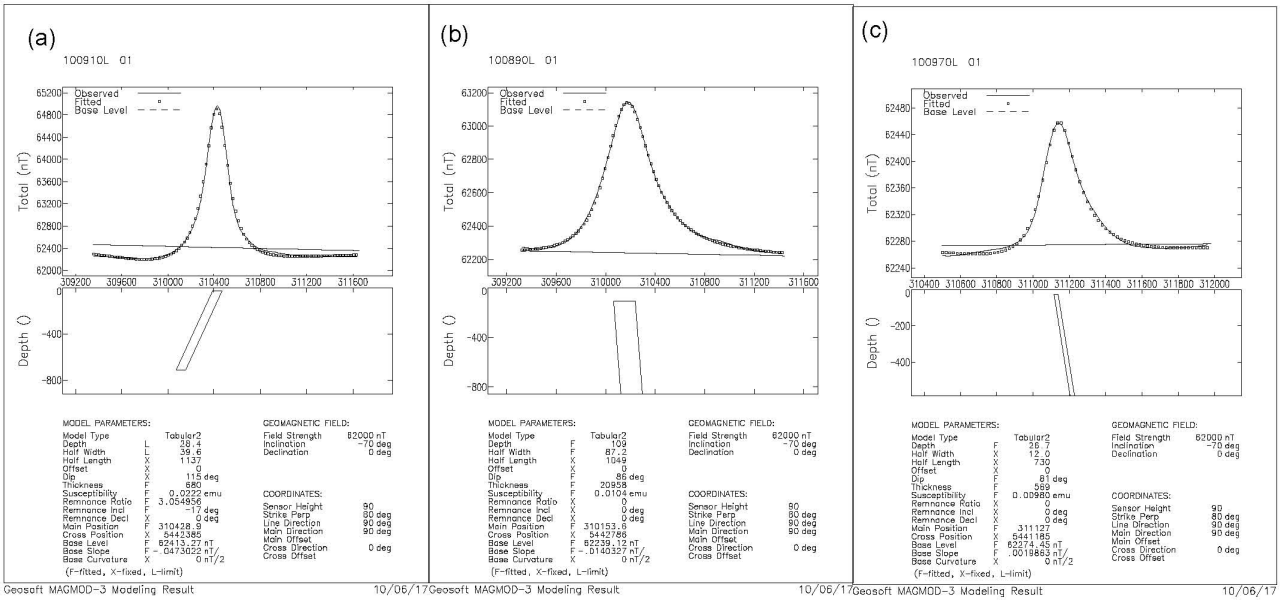
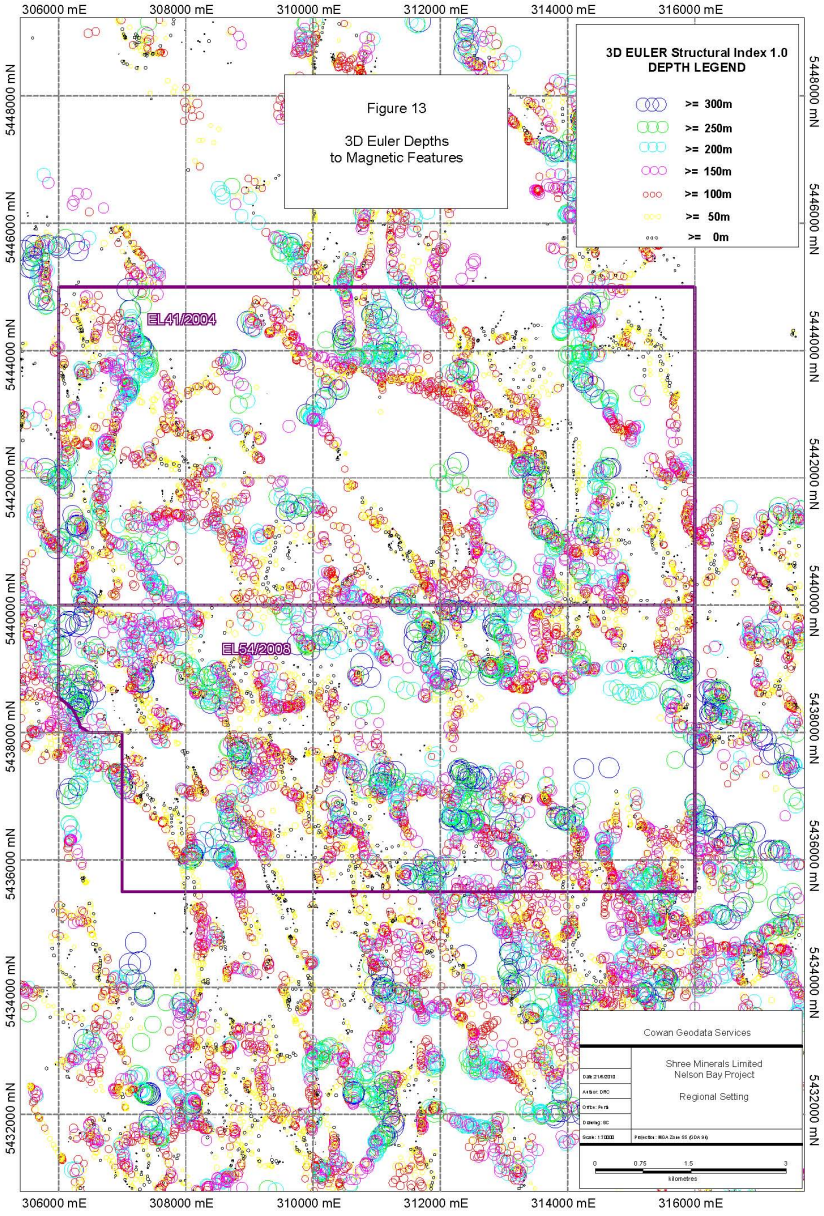


Figure 18. Magnetic modelling/inversion of aeromagnetic anomalies
(a) High amplitude anomaly, central zone, modelled with dip fixed from drilling and including remanence
(b) Northern extent, deeper body, modelled without remanence
(c) Southern anomaly, modelled without remanence



Outlook

- The drilling has intersected both hematite-goethite and magnetite mineralisation (Figure 3). With the encouraging exploration results, further drilling program of about 2000m RC percussion/diamond to delineate hematite-goethite mineralisation as well as beneficiable magnetite for the coming field season is planned.
- The Company currently has JORC compliant magnetite resource of 6.9Mt at 38.2% magnetite, using a 20% cut off. During the next Quarter a JORC compliant resource estimate for the DSO and magnetite mineralisation for the drilled part of the Project will be made.
- Additionally, work on the following aspects is planned:
    - Creation of a “data base;”
    - Continue re-logging of earlier holes and sampling of magnetite intervals not sampled earlier and their impact, if any, on NBR’s potential;
    - Geological mapping of the tenement and environs over the years has been carried out, but is sporadic across several old reports; the data from these reports will be compiled and further mapping of strategic areas will be planned, e.g. Western anomaly; and
    - Review and procurement of information will continue.

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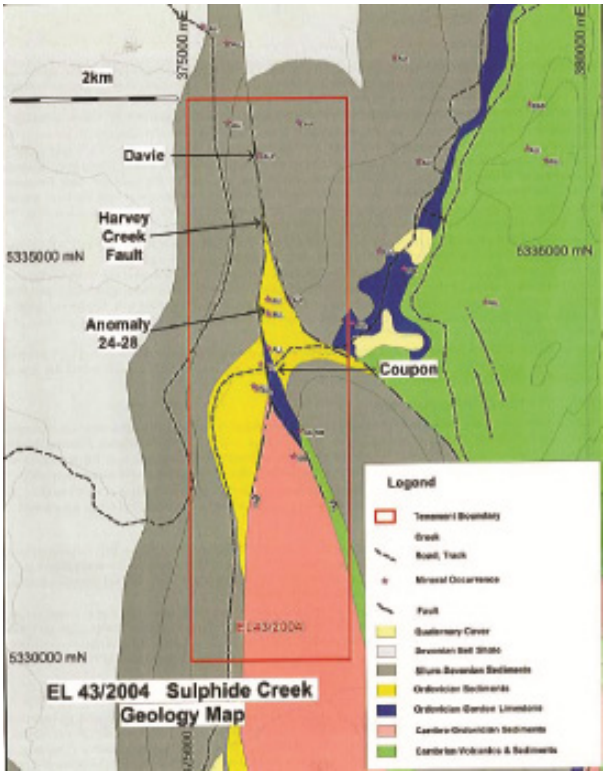

Sulphide Creek Gold Prospect (EL23/2004)

The Sulphide Creek Gold tenement is located near Lynchford, 5 km south of Queenstown, Western Tasmania . The Prospect is endowed with good infrastructure and labour supply. The Prospect has several gold occurrences out of which three are strongly anomalous (Davie, Coupon, and Anomaly 24-28) and geologically rated high for their exploration potential for economical gold mineralisation .

Rationale

A major north-south striking fault, informally named the Harvey Creek fault, passes through the middle of the tenement (Figure 7). This fault structure has been considered to act as a conduit for the gold mineralising solutions in the area. The tenement's known prospects (Coupon, Anomaly 24-28, and Davie) occur in close proximity to this fault.

Gold mineralisation at the Davie Prospect is hosted in iron oxide filled quartz stock work within the silicified quartz sandstone

The Davie Prospect has several shafts and adits developed on quartz reefs which recorded 14 g/t gold at surface. Previous drilling at the Davie Prospect had intersected extensive low grade stock work related gold mineralisation; 101 m @ 0.35 g/t gold, including a 1 m @ 1.05 g/t gold. Additionally, anomalous gold values in soil along with geological interpretation suggest good potential for defining significant gold mineralisation in the tenement lands.

Significant gold intersections

During the 1st Quarter of 2010, 391 metres (diamond) along 2 holes at the Davie Prospect was drilled. Sampling, depending on mineralisation controlling lithologies was carried out at 1-3 m intervals and calculations for gold intersections are made at >0.3 and 0.5 g/t gold cut-off. Results are shown in Figures 8 and 9 and given in Table 3.

Table 3: Significant gold intersection along drillhole

	Location m (AGD 66)		Location (m)			
Hole ID	**Northing**	**Easting**	**From**	**To**	**Intersection (m)**	**Grade g/t**
SCDDH4 ***(Figure 8)***	**375689.5**	**375689.5**	19	37.5	18.5	0.5
includes			***31.5***	***34.5***	***3***	***1.26***
SCDDH5	**3*75689.4**	**375689.4**	37	51	14	0.52
			39	51	12	0.55
			159	168	9	0.88
includes			***164***	***167***	***3***	***1.29***
			181	183	2	0.6

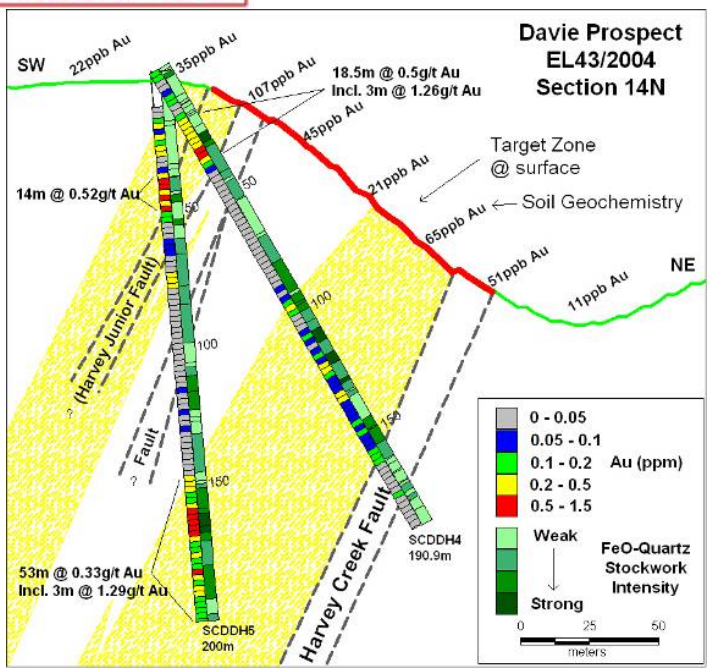

Figure 8: Intensity of stock work and gold intercepts along drill holes

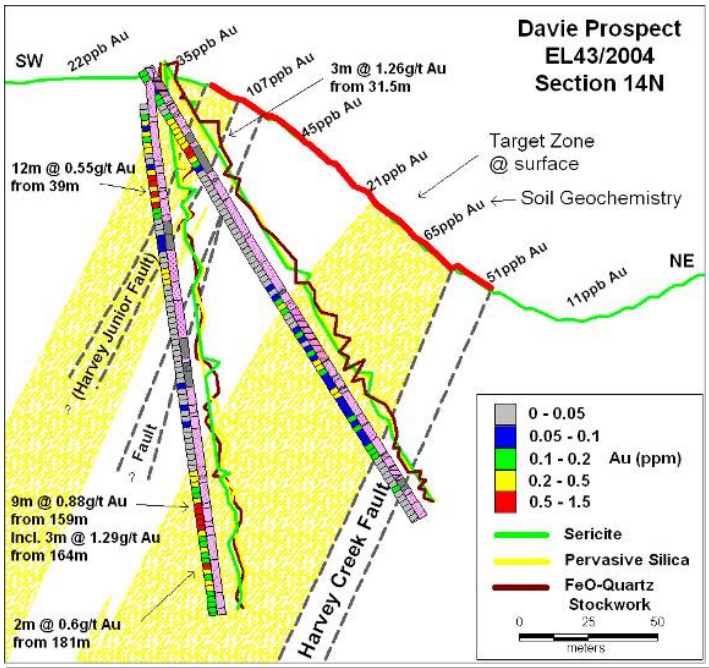

Figure 9: Intensity of alteration halo and gold intercepts along drill holes

Outlook

Based on the work carried out, so far, at the Sulphide Creek tenement the Company believes that the Davie Prospect has potential for hosting a sizable gold resource in the tenement lands; the recent drilling strengthens that belief. The Company is assessing acquisition of other potential lands in the area and will keep stakeholders informed about the outcome.

Based on the recent encouraging assay results and studies carried out so far the company, subject to availability of suitable drill, is planning to drill 500m of RC percussion drilling at Davie Prospect to delineate extent of gold mineralisation at the existing two sections.

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.

Tarkine National Heritage Listing – North West Tasmania

As a response to a nomination made last year from an environmental group (the Tarkine Coalition) , the Commonwealth Minister for the Environment (Mr Peter Garrett) made an emergency listing of the Tarkine area as a place of national heritage significance. The Tarkine nomination claimed that the Tasmanian government's proposed Tarkine tourist road would diminish the area's wilderness values. Following the recent Tasmanian election, the Tasmanian government has cancelled that road project. However, the emergency listing process cannot be revoked and must now go to completion.

The Australian Heritage Council accordingly is assessing the nominated area and will make recommendations to the Commonwealth Minister in September this year. The Minister will then decide whether to retain the listing, cancel it or amend it. The boundaries of the nominated area encompass three of Shree Minerals' mining tenements (EL 41/2004 , EL 54/ 2008 & EL42/2004). Listing means that an assessment of any mining development would need to consider impacts on wilderness values under the Commonwealth's Environment Protection and Biodiversity Conservation Act 1999.

Shree Minerals has made two submissions to the Heritage Council and has also met with the Commonwealth Department, presenting its case that the boundaries of the nominated area improperly encompass large areas of land that clearly do not hold the wilderness values for which the listing is being sought. In particular, Shree Minerals has argued that if the listing is to be retained it should be based on appropriately amended boundaries, which would exclude two of its mining tenements – Nelson Bay River (EL41/2004) and Rebecca Creek (EL54/2008). These tenements do not have wilderness values.

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Proposed Work Program for Q3, 2010

For Q3, 2010 the following activities are planned:

- Continue re- logging, sampling, assay validation, insitu density determination of core from Sulphide Creek and Nelson Bay River tenements
- Work on data base including; data entry and validation of drilling data
- Preparation of geological plans and sections for Nelson Bay River Project
- Review of data from other tenements
- Submission of exploration work plan to MRT
- Reconnaissance field visits

Statement of Competent Person

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.

About Shree Minerals

Shree Minerals Limited is a Perth-based multi-commodity exploration company which listed on the ASX on 16th February 2010. The Company has project interests in iron, gold, base metals, and coal. All tenements are in Tasmania. The Company currently has its core projects in the Nelson Bay River Iron Project in the North West.