

Quarterly Report

PERIOD ENDING 31 March 2017

ASX Code: SHH

This report covers Shree Minerals' (Shree or the Company) activities for the quarter ended 31st March 2017.

Corporate

- Efforts to conserve cash continue.

Nelson Bay River Iron Project (NBR)

- Iron Ore prices volatility continued during the quarter.

■ IODEX 62% Fe \$/dmt - CFR, North China import, \$/t ■ IO fines 58% Fe \$/dmt - CFR, North China import, \$/t
■ Iron Ore 58% Fe Low Alumina \$/dmt - CFR, North China import, \$/t



- The Company has during the quarter, received EPA Guidelines for the preparation of DPEMP towards a new permit, which when granted, will replace the existing permit. Consequently, requisite work is being progressed in this area .

SHREE MINERALS LTD, ACN 130618683
Unit 2, The Pines Business Centre,
88 Forrest Street, Cottesloe, WA6011
Phone: + 61 (08) 92861509, FAX: +61 (08) 93855194
www.shreeminerals.com

Tenements

- The mining tenements held at the end of quarter and their location.

<u>Mine Lease/ Exploration License</u>	<u>Locality</u>	<u>Remarks</u>
3M/2011	Nelson Bay River	100% Shree Minerals Ltd

- The mining tenements acquired and disposed of during the quarter and their location.

Exploration License EL41/2004 (in the locality of Nelson Bay River) expired on 1 March 2017. As the current focus is to conserve cash, the Board of the Company decided not to apply to extend the term of the licence.

- The beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter.

NIL

- The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter.

NIL

About Shree Minerals

Shree Minerals Limited is engaged in mining and production of iron ore & dense media magnetite at its core project; the Nelson Bay River Iron Project in the North West Tasmania and engaged in exploration of its other tenements in Tasmania.

ABOUT THE NBR PROJECT

The NBR Project area is located about 6 km North East of the town of Temma and about 70 km South West of Smithton, in North West Tasmania.

The tenements contain a series of NW striking, strong amplitude magnetic anomalies. The iron mineralisation at NBR is hosted by a 10 to 28 meter wide mafic dyke, which crosses cuts the country rocks and increases in width with depth. Within this dyke is a magnetite-rich section and oxidation of the magnetite has generated goethite-hematite mineralisation to varying depths.

The NBR project is being developed in a phased philosophy with the initial plan to mine the goethitic-hematite resource to export iron ore over the first couple of years

SHREE MINERALS LTD, ACN 130618683
Unit 2, The Pines Business Centre,
88 Forrest Street, Cottesloe, WA6011
Phone: + 61 (08) 92861509, FAX: +61 (08) 93855194
www.shreeminerals.com

SHREE SHREE MINERALS LIMITED

to be followed by the magnetite resource to produce dense media magnetite (DMM) used for the coal washery industry.

The statutory approval process was unduly long which delayed the start-up of the project by about 2 years which forced the project start-up into the bottom of the commodity price cycle causing the project to be suspended within 6 months of start-up and put under care and maintenance.

Studies to-date have reflected a stable market and pricing for DMM as an industrial mineral in Eastern Seaboard of Australia with domestic production not being adequate to meet demand resulting in imports, thereby confirming the long-term value potential of the NBR project.

The NBR project is currently awaiting a new permit to replace the existing permit consequent to the variation of the Environment permit in Nov'13 by EPA to allow a temporary PAF rock dump for DSO south pit being rendered invalid in a judicial review by Court in Dec'14. Our understanding is that the Court case (to which the Company was not a party) & decision thereof was on procedural legality relating to decision making of permit amendment rather than any environmental impact or issue.

The major reasons for a new permit is:

- I. because the SDSO pit is only 25% complete, there is insufficient space for the PAF WRD to be stored below surface and ultimate flood level of the pit; and
- II. Moving the PAF WRD in the pit below ultimate flood level of the pit , prior to completion of mining of the pit , may result in contravention of the Mineral Resources Development Act .
- III. PAF storage above ground level in a safe environmental manner is universally practiced throughout the world by almost all open cut mines and with adequate procedures like truck dumping, compaction, alkali addition etc. will meet Best Practice Environmental Management (BEMP); and
- IV. While , there are no adverse effects on the surrounding environment by disposal of PAF rock in an above surface storage dump , under the current legislative framework in Tasmania there is no simple procedure / mechanism which applies to an application to amend an extant planning permit. In consequence , there is little choice but to make a new development application for precisely the same approved development and use, but which specifies a different methodology for disposal of the PAF rock.

SHREE MINERALS LTD, ACN 130618683
Unit 2, The Pines Business Centre,
88 Forrest Street, Cottesloe, WA6011
Phone: + 61 (08) 92861509, FAX: +61 (08) 93855194
www.shreeminerals.com