



27th October 2010

Quarterly Report

PERIOD ENDING 30 SEPTEMBER 2010

This report covers Shree Minerals' (Shree or the Company) exploration related activities for the quarter ended 30 September 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 September Quarter

- **Resource Estimation being carried out at NBR completed in October 2010 results in :**
 - **a maiden goethitic-hematite resource capable to produce Direct Shipping Ore (DSO) Iron Ore.**
 - **an upgrade in the magnetite resource category and tonnage at NBR.**
- **Environmental , Engineering including Metallurgical Studies progressed at NBR project towards DPMP (Development plan and Environment Management Plan) and Feasibility study towards Company objective to start mining next year.**
- **Geophysical study of the Mt Bertha tenement has defined more than a dozen exploration targets, which has enhanced Mt Bertha's exploration potential.**

Work performed during the Quarter

During the reporting period in addition to several field visits to Nelson Bay River and Sulphide Creek tenements the following work was carried out:

- Finalising data compilation on 2010 exploration program
- Preparing NBR work program for 2010/11 field season.
- Resource estimation of NBR project: *the work of resource estimation was initiated during the September Quarter, but results were at hand before the present Quarterly reporting date and thus it was considered appropriate by Shree Board to include resource information in this Quarterly report.*
- Geophysical study of Mt Bertha airborne geophysical data
- Metallurgical, environmental and engineering studies of NBR project progressed to complete DPEMP and other approvals to commence mining next year.

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 (Figure 1). The Company has 100% interest in the Project tenements.



Figure 1: Nelson Bay River Tenement location plan

The 2010 drilling has extended the strike length of the goethitic-hematite mineralisation intersected at the top of the magnetite resource in 2009 drilling to far over 1 km (Figure 2). Assay results confirm that the goethitic-hematite mineralisation is suitable to produce Direct Shipping Ore (DSO) with very low deleterious elements. Resource estimation study completed in October 2010 has resulted in upgrade of the existing magnetite resources in Resource Category and tonnage. Moreover, it has resulted in a maiden DSO resource at the tenement.

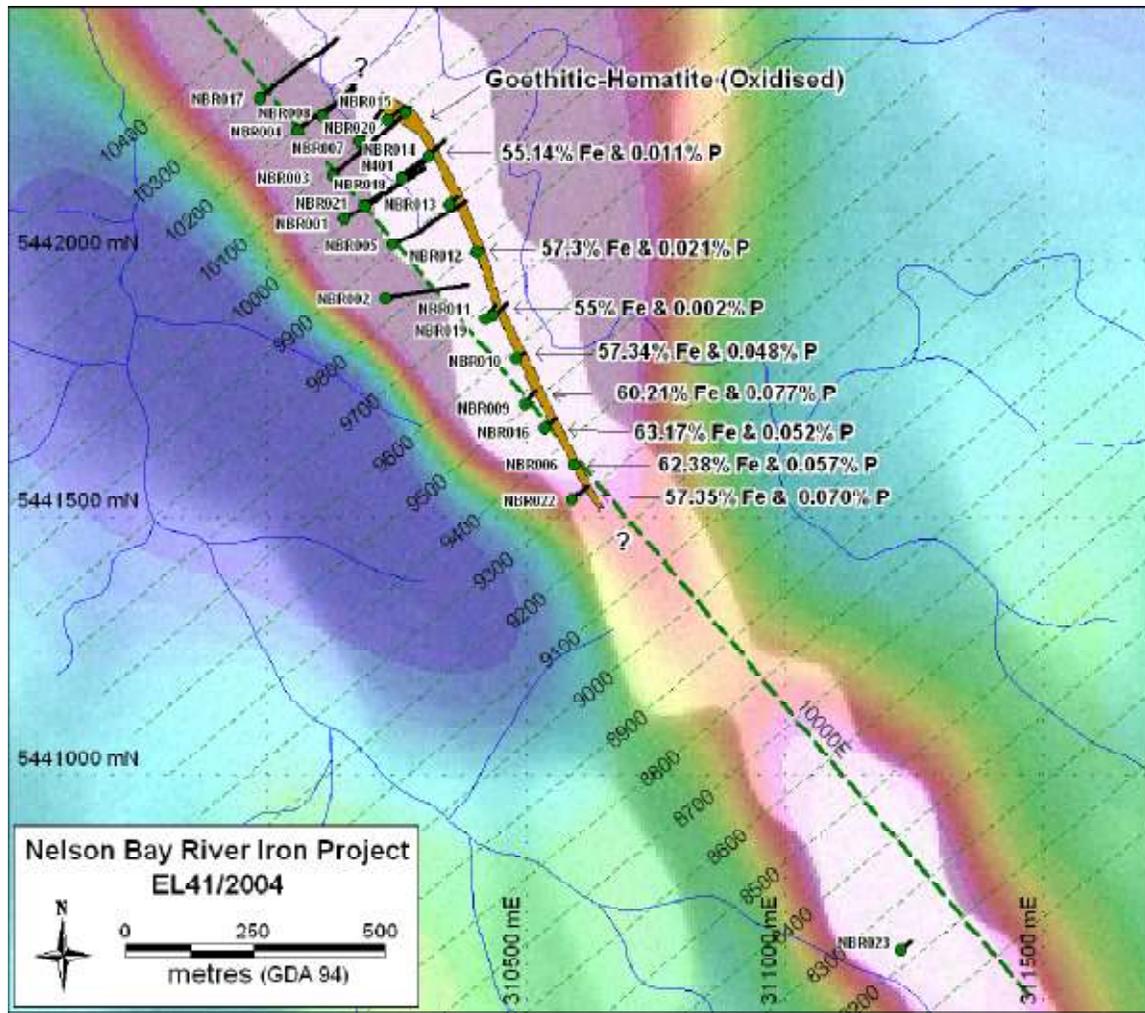


Figure 2: Drillholes and goethitic-hematite mineralisation at NBR Project

Mt Bertha - EL42/2004

The tenement covers an area of 134 km² and is located 20 km northeast of the Savage River Magnetite Mine and about 50 km southwest of the port of Burnie in the North West Tasmania. The Savage River Pipeline to Port Lata traverses through the western part of the tenement. Access to the property is limited. Due to rugged terrain and thick vegetation cover (Figure 3), initially, the targets will be accessed via the Savage River Pipeline Road and where possible via tracks made by previous explorers.



Figure 3: Mt Bertha tenement with Landsat Imagery

Study findings

Information on the tenement is very scanty and thus to define exploration targets the Company engaged the services of Cowan Geodata Services; Geophysical Consultants to study airborne geophysical data (magnetic and radiometric) from MRT & AGSO and identify potential exploration targets.



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.

Proposed Work Program for Q4, 2010

For Q4, 2010 the following activities are planned:

- Metallurgical, environmental and engineering studies of NBR project towards DPEMP and other approvals.
- Finalisation of 2010/11 field season work program
- Selecting suitable contractors (drilling, surveying, geophysical, mining etc) and consultants
- 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
- Results of geophysical study at Mt Bertha to be examined and planning of a suitable access and exploration program for the area
- Reconnaissance field visits

OUTLOOK

We see robust prices for iron ore over the next few years driven by strong crude steel production growth mainly from China and India . The company expects to benefit in this environment by commencement of low cost DSO operations at minimal capex .

Yours faithfully

Sanjay Loyalka
Chairman



About Shree Minerals

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

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.