



Quarterly Report

PERIOD ENDING 30 SEPTEMBER 2011

ASX Code: SHH

Highlights of September Quarter

- Approval process progressed during the quarter for Nelson Bay River Iron Project :
 - Finalised Guidelines were issued under EPBC Act, for the preparation of an Environmental Impact Statement for the proposed Nelson bay River Iron Project.
 - Various studies as required by the guidelines for both the DPEMP & EIS were undertaken & drafts of these two documents lodged.
- The metallurgical processing of BFO by LIMS at 600 Gauss provides an approximate mass recovery of 82%. Additionally, the reduction in alumina in the LIMS BFO concentrate further makes it an attractive product.
- Geophysical studies of Sulphide Creek & Mt.Sorell recommend potential targets for further exploration.



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.

Nelson Bay River Project

Approval Process

The company continued to focus on the "Approval process" for Nelson Bay River Iron Project which progressed during the quarter:

- Finalised Guidelines were issued under EPBC Act, for the preparation of an Environmental Impact Statement for the proposed Nelson bay River Iron Project.
- Various studies (like Hydro geological studies) as required by the guidelines for both the DPEMP & EIS were undertaken
- Consultation with various parties & Drafts of DPEMP & EIS were lodged.

Metallurgical Studies

During the Quarter further metallurgical studies of the BFO Composites continued. The two composites are different in their mineral composition, but have similar iron grade 53% (Fe). Composite-1 contains higher percentage of hematite with high silica and low (<1%) levels of alumina, phosphorous and sulphur, where as Composite-2 has higher magnetite content with high silica and greater than 2% alumina with very low P and S (Table 1).

Table 0: Composite Sample Head Assays

Composite	Grade (%)					
	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
Composite-1	53.0	16.8	0.69	0.027	0.04	6.1
Composite-2	53.1	13.9	2.58	0.013	0.05	4.0

LIMS Testing

Composite-2 was tested over coarse LIMS at a variety of magnetic strengths (Table 2). The 600 Gauss pass produced an upgraded product with Fe 57.5%, SiO₂11.5%, and Al₂O₃ 1.55% at 82.3% mass recovery (Table 2).

Table 2: Composite-2 LIMS Test results on -1mm Material

Composite 2, crushed to -1 mm							
(%)							
Gauss	Mass Recovery	Fe		SiO ₂		Al ₂ O ₃	
		Grade	Recovery	Grade	Recovery	Grade	Recovery
1100	88.0	56.5	91.8	12.1	78.8	1.74	63.1
900	84.0	57.6	88.5	11.3	71.7	1.53	54.8
600	82.3	57.5	87.3	11.5	69.7	1.55	52.0
Calc head	100	54.4	100.0	13.4	100.0	2.41	100.0

Gravity Testing

Using jigs and shaking-table, both composites were subjected to gravity testing. The Composite-1 material responded poorly to gravity separation; recovering only 16% of the feed to concentrate, where as Composite-2 produced 69% mass recovery to concentrate, thus it is worthy of further assessment.

Remarks

The upgrade process for BFO should be based on Low Intensity (600 Gauss) Magnetic Separation. The mass recovery at approximately 82% is attractive. Moreover, this also suggests a substantial reduction in capex cost compared to Gravity separation route and hence more economical over the latter. Additionally, the reduction in alumina of the LIMS BFO concentrate makes it an attractive product for blending.



Mt Sorell (EL42/2008) and Sulphide Creek (EL 43/2008) - Geophysical study

During the Quarter, a geophysical study using aeromagnetic and radiometric data from public domain over the Sulphide Creek and Mt Sorell tenements and environs was carried out. The study defined 12 preliminary targets (Table 3 and Figure 1).

Table 3: Sulphide Creek & Mt Sorell Geophysical Targets

Target	Location (m)		Target		Target Characteristics		
	EASTING	NORTHING	PRIORITY	TYPE	MAGNETIC	FAULT	POTASSIUM
Mt Sorell Targets							
MTS-001	380385.0	5317104.0	Moderate	Au	High	Yes	High
MTS-002	380605.0	5316217.0	Moderate	Au	High	Yes	High
MTS-003	381327.0	5316852.0	High	Cu-Au	Moderate	No	Low
MTS-004	381098.0	5316490.0	Low	Cu-Zn	Moderate	No	High
MTS-005	381546.0	5316052.0	Moderate	Pb-Zn	Low	Yes	High
MTS-006	381088.0	5318257.0	Moderate	Cu-Au	Moderate	Yes	Low
Sulphide Creek Targets							
SC-001	376800.0	5332600.0	Moderate	Cu-Au	subtle	Yes	High
SC-002	377100.0	5331400.0	Moderate	Cu-Au	subtle	Yes	High
SC-003	377100.0	5330800.0	Moderate	Cu-Au	subtle	Yes	High
SC-004	376200.0	5334400.0	Low	Pb-Zn	subtle	Yes	High
SC-005	375800.0	5333300.0	Low	Pb-Zn	subtle	Yes	High
SC-006	375700.0	5331800.0	Low	Pb-Zn	subtle	Yes	High

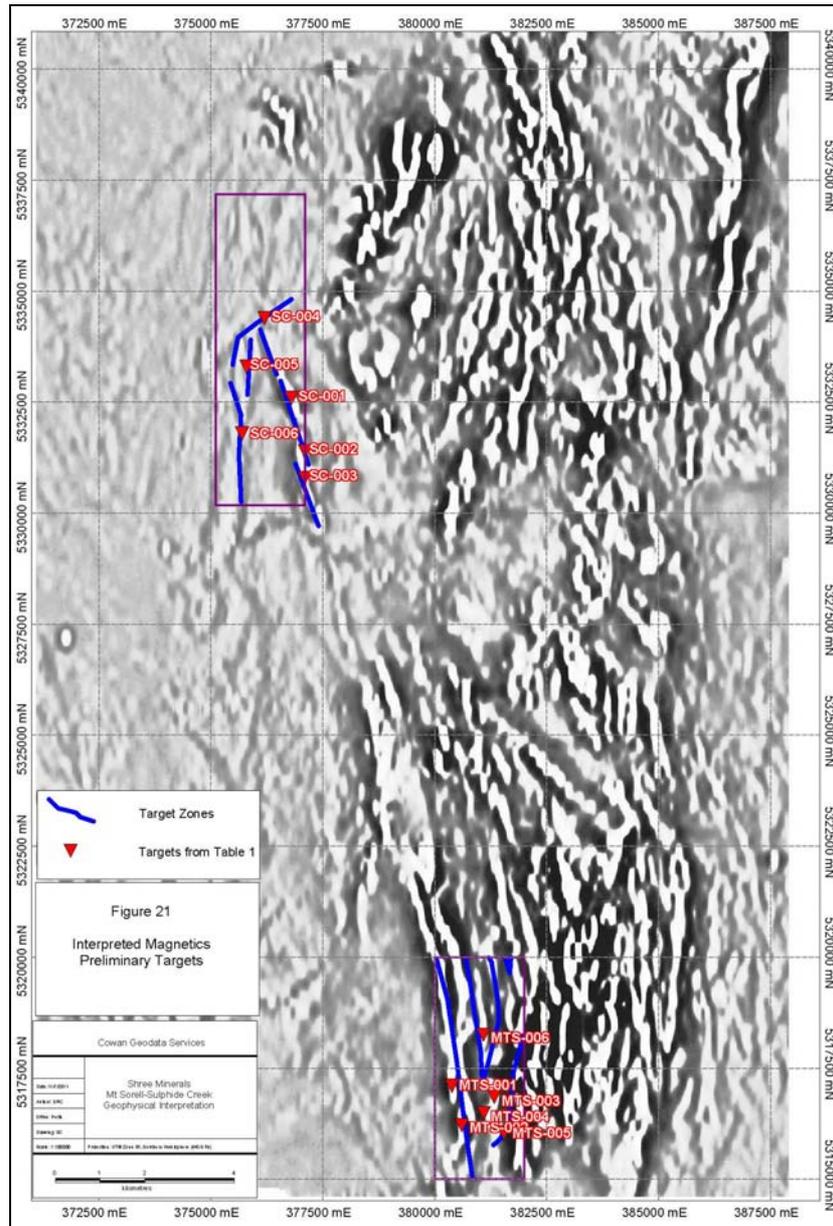


Figure 1: Sulphide Creek & Mt Sorell Geophysical Targets



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.

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, and base metals. 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 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.