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SHREE **SHREE MINERALS LIMITED**

29 February 2012

Increase of Direct Shipping Resource at Nelson Bay Iron Ore Project & Feasibility study update

Highlights

The new DSO resource estimate at 700 kt represents a 55% increase on the 2010 figure with similar iron values.

Table1: Nelson Bay River DSO Resource Estimates

Category	Tonnes ('000)	Grades (%)					
		Fe	Al_2O_3	P	S	SiO_2	LOI
Indicated	336	57.4	1.30	0.075	0.035	9.2	6.4
Inferred	367	58.7	1.27	0.041	0.029	6.9	6.8
Total	**703**	**58.1**	**1.28**	**0.085**	**0.032**	**8.0**	**6.6**

PFS Study

Shree has previously announced a PFS study on a staged project development as following:

- Stage 1 : DSO
- Stage 2 : BFO
- Stage 3 : Magnetite

The PFS outcomes have been updated by the company for DSO phase based on the new resource estimates, with the following update on the project:

- Resource is outcropping – no pre-stripping required
- Close to existing infrastructure – road and port facilities
- FOB Cost Estimate – A$ 48 per tonne
- Cash operating surplus, pre tax (DSO Phase) - A$ 39 million using, 58% Fe CFR North China current spot prices.
- Statutory approvals well advanced
- Discussions with potential off-take parties well advanced
- Discussions with potential mining contractors well advanced
- Work to upgrade PFS to a Feasibility study for DSO phase in progress.
- Targeting production within 6 months of approvals.

Background

The iron mineralisation at the Nelson Bay River Iron Project (EL41/2004) is hosted by a 10 to 28 metres 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. During 2011-12, the company drilled 1,259 m RC along 23 holes for DSO resource delineation (Figure 1).

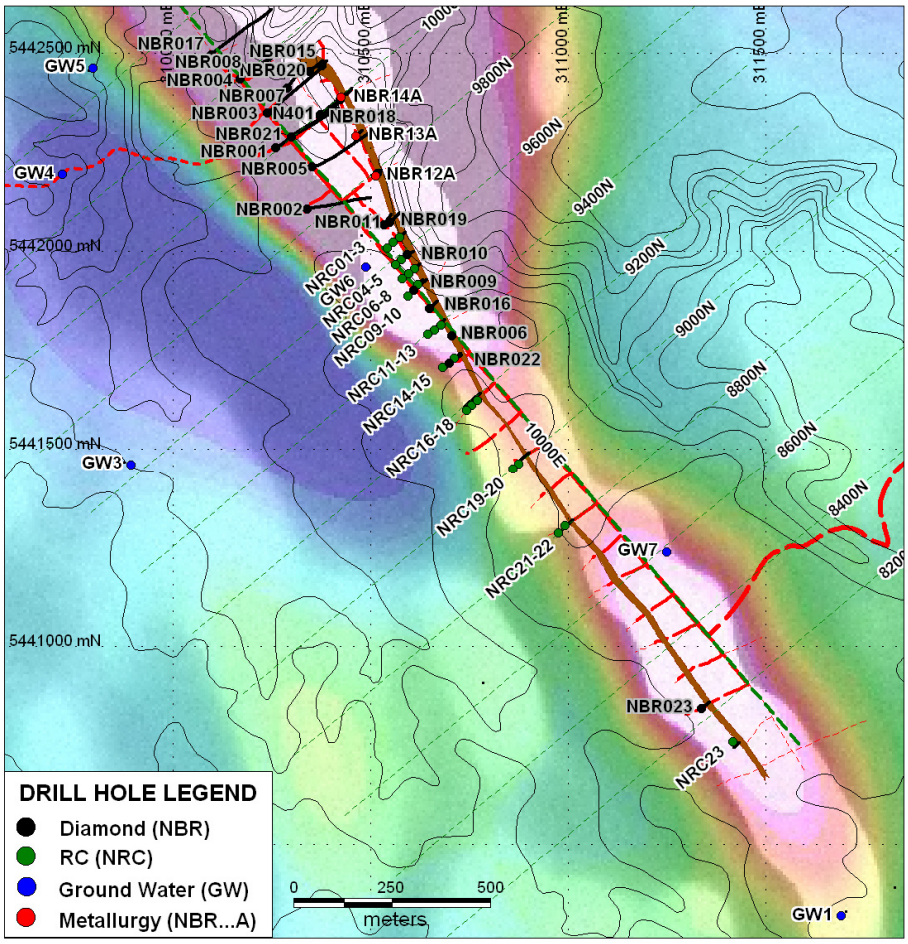


Figure1: Nelson Bay River Iron Project drillhole location plan on regional airborne magnetic image

Resource Estimation

In view of the 2011 RC drilling, the DSO resource estimates were revised. The revised DSO resource estimates at 0.7 Mt show an increase of 55% in the resources over the 2010 figures of 0.45 Mt with similar iron and other element values.

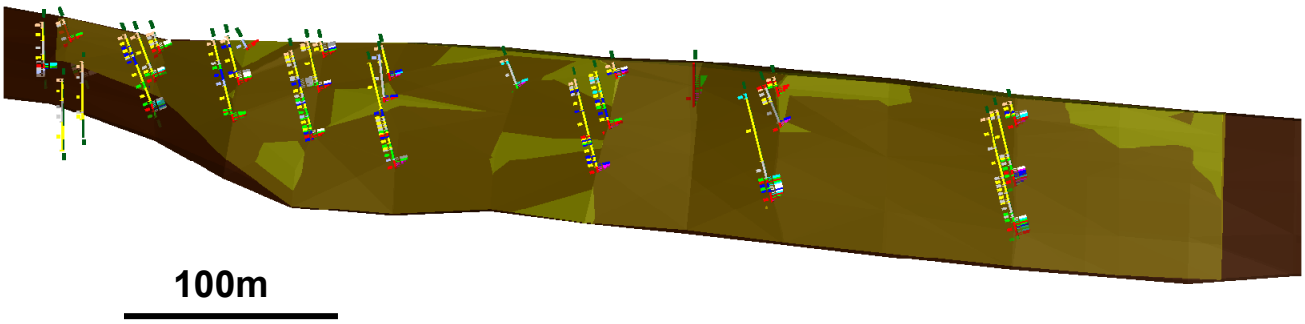
The DSO resource estimate is based on information from 6 diamond and 17 RC percussion holes, totalling 1175.3 m (Table 2). From these holes, 217 composites of 1m length were used for the resource modelling.

Table2: List of drill holes used in DSO resource estimate

Hole ID	Location (m)		RL (m)	Hole Depth (m)	Azimuth	Dip	Drill type
	Easting	Northing					
NBR006	310705.002	5441786.917	94.47	33	0	-90	Diamond
NBR009	310608.773	5441901.733	90	51.5	37.85	-45	Diamond
NBR010	310592.899	5441992.153	81.323	26.5	58.95	-45	Diamond
NBR016	310647.869	5441855.795	92.736	41.1	50	-45	Diamond
NBR019	310548.85	5442074.04	82.617	50.1	50	-45	Diamond
NBR022	310699.32	5441718.99	99.317	54.1	50	-90	Diamond
NRC01	310573	5442036	81.0205	27	50	-45	RC
NRC02	310556	5442023	85.3863	48	50	-45	RC
NRC04	310577	5441980	87.6867	55	50	-55	RC
NRC05	310562	5441968	90.5752	78	50	-55	RC
NRC06	310612	5441956	85.0444	33	50	-55	RC
NRC07	310597	5441944	88.7762	55	50	-55	RC
NRC08	310580	5441931	91.2065	74	50	-55	RC
NRC09	310620	5441917	90.0699	40	50	-55	RC
NRC10	310595	5441888	92.7855	79	50	-55	RC
NRC11	310679	5441815	95.3186	27	50	-55	RC
NRC12	310661	5441801	95.8851	52	50	-55	RC
NRC13	310644	5441792	96.0646	64	50	-55	RC
NRC14	310682	5441708	99.0743	79	50	-55	RC
NRC15	310712	5441731	99.1935	34	50	-55	RC
NRC16	310743	5441599	100.352	82	50	-55	RC
NRC17	310756	5441612	100.318	62	50	-55	RC
NRC18	310771	5441624	100.232	30	50	-55	RC
Total				**1175.3**			

An initial geological interpretation of the goethitic-hematite mineralisation was made using a combination of iron grades and geological logging. A nominal cut off 54% iron was used in conjunction with geological sense and mineral coherency to create the high-grade wireframes (Figure 2).

Figure2: High Grade DSO Mineralisation

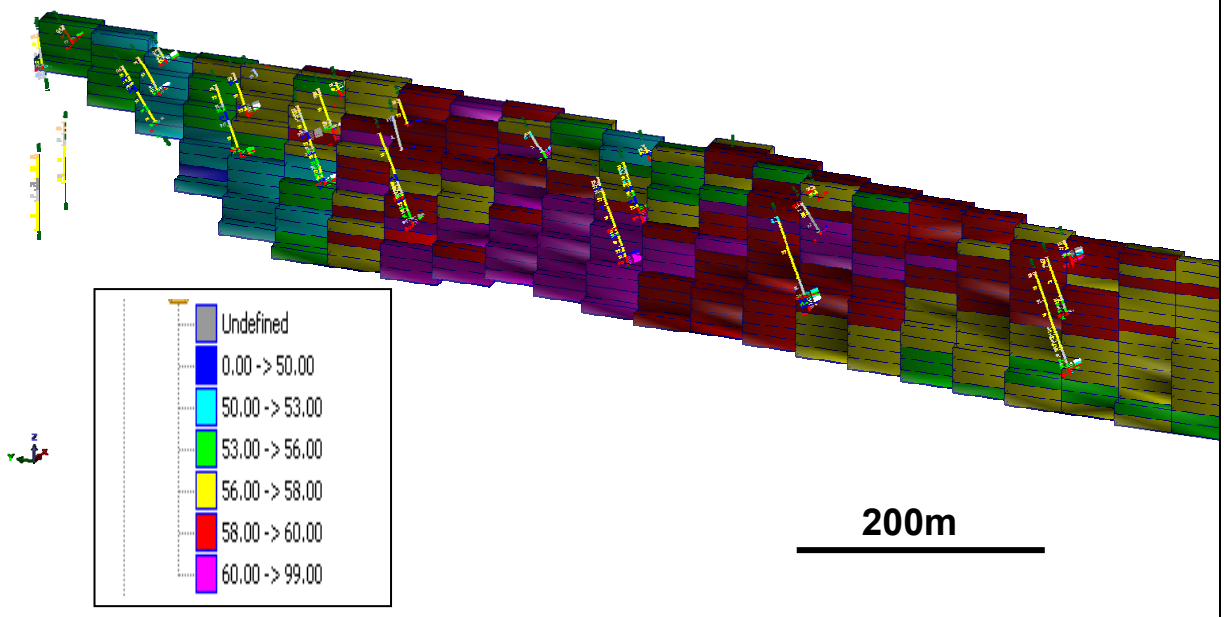


(View looking down and to grid east north east; brown = Gossan Zone, yellow = high grade DSO)

Resource modelling used Ordinary Kriging with a maximum search distance of 112.5m and a minimum number of two data points for a block size of 5m by 25m by 5m. The resources were reported from within the high-grade mineral wireframe with no cut off grade.

An example of the block grade distribution for iron is included as Figure 3.

Figure3: DSO Block Iron Grade Distribution



(view looking down to grid north east) (blocks shown include all those with volume adjustment >0

As a result of the 2011 drilling, new resource estimates for the goethitic-hematite (DSO and BFO) mineralisation for the Project are given in Table 3.

Table3: Nelson Bay Updated DSO + BFO Resource Estimates

Material Type	Resource Category	Mass (Mt)	Grade %					
			Fe	Al_2O_3	P	S	SiO_2	LOI
DSO	Indicated	0.34	57.4	1.3	0.075	0.035	9.2	6.4
DSO + BFO	Inferred	1.10	50.8	2.2	0.044	0.055	18.1	5.5
Total Resource		**1.43**	**52.3**	**2.0**	**0.051**	**0.050**	**16.0**	**5.6**

As no drilling during 2011 was carried out for the BFO resource area the values for the BFO resource have been retained from the 2010 Resource estimate. However, reinterpretation of the geology based on the information gleaned from the 20111 drilling suggested a small narrow zone of higher grade mineralisation in the core of the gossan zone at 54.5 to 55.5% Fe. Shree believes that this material, using Platts 52% Fe index as a reference point, could be sold as low-grade DSO and thus has the potential to increase the size of the DSO resources.

Additionally, peripheral to the main DSO resource there is low-grade material, which could be processed by the BFO processing circuit and thus has the potential to increase the size of the BFO resources.

The revised geological interpretation has meant a modification to the Skarn Dyke iron resource estimate reported in the 2010 resource estimate. This is due to the greater depth of oxidation associated with the Oxide Iron mineralisation eating into the fresh rock skarn mineralisation. The new

Skarn Dyke resource estimate is given below in Table 4. There was no effect on the magnetite resource portion of the fresh rock iron resource (Table 5).

Table 4: Nelson Bay Global Iron Resources

(30% Fe cut off includes Magnetite Resource material)

Resource Category	Mass (Mt)	Fe%
Indicated	1.8	38.6
Inferred	9.5	35.9
Total	**11.3**	**36.3**

Table 5: Nelson Bay River Magnetite Resources
(20% DTR cut off)

Resource Category	Mass (Mt)	Mag.%	Magnetite Kt
Indicated	1.7	38.5	667
Inferred	6.1	38.2	2,324
Total	**7.8**	**38.3**	**2,991**

About Shree Minerals

Shree Minerals Ltd is a multi-commodity exploration and development company, which was listed on the ASX. The Company has interests in iron, gold, and base metals. All held tenements are in Tasmania.

Sanjay Loyalka
Chairman

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 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.