SHREE MINERALS LIMITED

16th January 2012

The Manager Companies
Company Announcements
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000
Dear Sir

Pre-feasibility Study, Nelson Bay River Iron Project

Shree Minerals Ltd (ASX code: SHH) ("the Company") is pleased to advise that it has completed a Pre-feasibility (PFS) study of Nelson Bay River Iron (NBR) Project.

The study confirms the viability of the project to become a producer of iron ore in North West Tasmania.

The project is located in close proximity to existing infrastructure within an established mineral province in the region of North West Tasmania.

Resources

The project has three types of resources: Direct Shipping Iron (DSO), Beneficiable low-grade resource (BFO) and Magnetite resource.

The Nelson Bay River Iron occurrence is a 4km long magnetic feature (anomaly). The iron mineralisation is hosted by a steeply SW dipping mafic dyke, intruded into siliciclastic country rocks. The magnetic feature has been divided into two parts, a northern one, and a southern one.

From geological model drawn based on drilling from inception to 2010, the following three types (DSO, BFO and Magnetite) of resources were estimated (Tables 1 and 2).

Table 1: NBR Magnetite Resources as at 31 December 2011

Resource Category	Volume (m^3)	Tonnes	Magnetite (%)	Magnetite Tonnes
Indicated	466,980	1,734,100	38.5	667,096
Inferred	1,639,873	6,083,630	38.2	2,323.947
Total	2,106,853	7,817,730	38.3	2,991.043

Note: Average Bulk Density used = 3.71 t/m^3; the use of significant figures does not imply precision.

A cap of oxide resource covers the magnetite resource and extends southwards for a further 600m of strike. The oxide resource is composed of goethitic-hematite (Direct Shipping Ore (DSO) and magnetic goethitic-hematite material amenable to beneficiation (BFO) to generate marketable products (Table 2).

Table 2: NBR DSO and BFO Resources as at 31 December 2011

Resource Type	Volume ($m^{3)}$	Tonne	Grade (%)						
			Fe	P	SiO_2	Al_2O_3	S	LOI	Fe (Cal)
DSO	149,654	448,963	57.8	0.064	8.8	1.4	0.028	6.3	61.7
BFO	244,822	734,466	46.8	0.018	23.7	2.7	0.068	4.7	49.1
Total	394,476	1,183,429	51.0	0.036	18.0	2.2	0.053	5.3	53.9

Note: Average Bulk Density used = 3 t/m^3; the use of significant figures does not imply precision.

Mining and Processing

The Company plans to mine the DSO first followed by BFO material, and then the magnetite resource.

The DSO requires no beneficiation and has a strike length of about 500m. It requires no major processing beyond crushing and screening.

The BFO has a strike length of some 600m at the northern end of the deposit. The BFO operation is a transition between the DSO operation and the magnetite production stage. The BFO section is fed by a -3mm size ore stream, which is upgraded by dry LIMS (Low Intensity Magnetic Separation). Test work by crushing & passing the ore over a coarse LIMS Unit at 600 Gauss pass produced an upgraded product with grades; Fe 57.5%, SiO_2 11.5%, Al_2O_3 1.55% at 82.3% mass recovery.

The LIMS will later be used in the coarse cobbing stage for the main magnetite processing plant.

Quantities and stripping ratio information are summarised in Table 3.

Table 3 - Pit Quantities

			Quantity	S/R m^3/t	Years of Production
DSO Pit					
	Ore	tonnes	422,759	1.44	1.1
	Waste	m^3	608,659		
Magnetite Pit					
	BFO Ore	tonnes	590,600		1.5
	Magnetite Ore	tonnes	2,902,946		7.3
	Total Ore	tonnes	3,493,546	3.15	
	Waste	m^3	11,020,903		
Both Pits					
	Ore	tonnes	3,916,305	2.97	9.9
	Waste	m^3	11,629,562		

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Financial Modelling Results

Based on the technical studies & discussions with various contractors & service providers, Shree has completed financial modelling with following results:

- Capex of approximately $4.5 million for DSO phase & approximately $2 million for the BFO phase with subsequent (magnetite) phases funded from internal accruals.
- Cash costs delivered Free on Board (FOB) to port (pre Royalties) of :
    - A$48.68 / tonne for DSO product and
    - A$76.39 / tonne for BFO product (which includes cost of some waste pre-stripping for the next phase being magnetite ore).

Future work and Development Objectives

Shree has concentrated all resources in carrying out drilling programs to outline and define the commercial extent of iron oxide ore (DSO & BFO) whilst improving the definition of the magnetite resource. At the same time, Shree has progressed discussions and work to support the mining lease application and fulfil statutory environmental guideline requirements.

Shree will use the pre-feasibility study as a basis for completing feasibility study of DSO pit including updating the resources based on 2011 drilling, which based on observations is expected to increase DSO resources substantially. Shree is targeting for obtaining all requisite approvals as soon as possible to progress towards production.

The PFS study has highlighted a few areas requiring further technical input before commencing mining of deep magnetite resources. These studies will be attended to during the DSO & BFO production phase. These studies have the potential to improve project economics.

Yours sincerely

Sanjay Loyalka
Chairman

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 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.

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