



Quarterly Report

PERIOD ENDING 30 June 2011

ASX Code: SHH

Highlights of June Quarter

- **Drilling at Nelson Bay River Iron Project concluded with diamond for a total of 1542 m on 2nd May, 2011.**
 - **During the Quarter a total of 654.9 m along 16 holes was drilled.**
 - **High-grade (>60 % Fe) intersections ranged from 60.23 to 65.14 % Fe with less than 1% Al₂O₃.**
 - **Drilling has extended presence of goethitic-hematite mineralisation (DSO) across the strike, width and in depth to greater than 60 m at the NBR Project.**
- **Metallurgical test work on PQ core for Beneficiable Feed Ore (BFO) zoneshowsexcellent upgrading (approximately 83% recovery) of BFO by dry low intensity magnetic separation (LIMS) process.**
- **Final Guidelines received for EIS following Public Exhibition period regarding EPBC approval and Guidelines received for DPEMP regarding EMPCA approvals. Consequent additional studies completed during the quarter towards environmental approvals.**
- **Underwriting agreements were entered for partial quantity of Options with expiry of 30/6/2011. Consequently, a total of appx 7.187 million options were converted into shares at an exercise price of \$0.20 each on 14th July 2011 and as a result of options exercise & underwriting agreements an equity capital raising of appx \$1.437 million was achieved.**

This report covers Shree Minerals' (Shree or the Company) exploration related activities for the quarter ended 30th June 2011.

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.

Work performed during the Quarter

During the reporting period all resources were directed towards the exploration, mainly various types of drilling, at the Company's Nelson Bay River Iron Project (NBR) and following tasks were performed:

- A total of 654.9 m along 16 holes [372 m RC along 7 holes for resource delineation, 210 m RC along 6 holes for hydrological studies, and 73 m PQ diamond (Plate 1) along 3 holes for metallurgical studies] was drilled and related tasks (geological logging, sampling of ore intervals, drill hole capping, transportation of drill cores to Perth, etc.) were attended to.
- Metallurgical testing of BFO material procured by PQ diamond drilling.
- Access clearance and base line gravel sheeting to enable access to NBR Project area were carried out.

Nelson Bay River Iron Ore Project

Location and Access

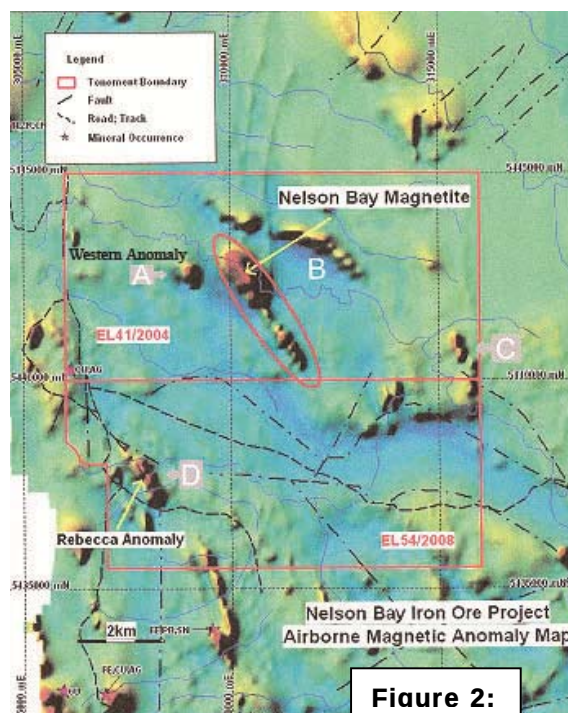
The Nelson Bay Iron Project includes two contiguous licences, EL 41/2004 and EL 54/2008 and cover areas of 50 km² and 43 km² respectively (Figure 1). The Project area is located about 6 km North East of the town of Temma and about 70 km South West of Smithton, in North West Tasmania. Access to the tenements is via the Temma and Heemskirk sealed road and thereon via nicely maintained forestry tracks (Figure 1).

Figure 1: Nelson Bay River Iron Project location and access plan



Geology

The Nelson Bay River iron mineralisation is hosted by a 10 to 28 metres wide mafic dyke that cross cuts the country rocks at right angle. The tenements contain a series of NW striking, strong amplitude magnetic anomalies (Figure 2). One of these anomalies (~ 4 km long) occurs within the EL41/2004 and is known as the **Nelson Bay River Magnetite** (Figure 2). This anomaly is now widely known as the **Nelson Bay River Iron Project (NBR)**; subject of this reporting. A second, similar to the Nelson Bay River anomaly, occurs 5 km south within EL54/2008 and is known as the **Rebecca Magnetite Anomaly** (Figure 2).



The Company has 100% interest in the Project tenements. The Project area and environs, in addition to the NBR anomaly, has several other magnetic anomalies of different dimensions (Figure 2).



Plate 1: goethitic-hematite PQ core from NBR Project

Drilling

Drilling at the Nelson Bay River Iron Project commenced on 7th March, 2011 and concluded on 2nd May. Drilling done from inception to end of June 2011 at NBR is shown in Figure 1. During the Quarter a total of 654.9 m along 16 holes [372 m RC along 7 holes for resource delineation, 210 m RC along 6 holes for



hydrological studies, and 73 m PQ diamond (Plate 1) along 3 holes for metallurgical studies] was drilled. Drilling details for the Quarter are given in Tables 1-3.

Table 1: Resource delineation drilling for the Quarter at NBR

Hole ID	Location (m) MGA 94		RL (m)	Azimuth (°)	Dip (°)	Depth (m)
	Easting	Northing				
NRC17	310756	5441612	100.318	50	-55	62
NRC18	310771	5441624	100.232	50	-55	30
NRC19	310875	5441462	100.189	50	-55	41
NRC20	310861	5441451	100.186	50	-55	74
NRC21	310993	5441305	99.8866	50	-55	46
NRC22	310976	5441288	99.9646	50	-55	67
NRC23	311416	5440759	100.952	50	-55	52
Total RC drilling						372

Table 2: Hydrological drilling at NBR

Hole ID	Location (m) MGA 94		RL (m)	Azimuth (°)	Dip (°)	Depth (m)
	Easting	Northing				
GW1	311703	5440331	110.307	0	-90	35
GW3	309894	5441462	80.6371	0	-90	35
GW4	309716	5442199	73.3699	0	-90	35
GW5	309788	5442458	63.0246	0	-90	35
GW6	310459	5441935	89.2973	0	-90	35
GW7	311249	5441240	101.425	0	-90	35
Total Hydrological drilling						210

Table 3: Metallurgical drilling at NBR

Hole ID	Location (m) MGA 94		RL (m)	Azimuth (°)	Dip (°)	Depth (m)
	Easting	Northing				
NBR12A	310513	5442192	81.2	50	-50	22.7
NBR13A	310462	5442292	82.25	50	-50	28.9
NBR14A	310425	5442389	81.4	50	-50	21.3
Total Metallurgical drilling						72.9
Total drilling						654.9

Drilling done to date at the Nelson Bay River Iron Project (NBR) is shown in Figure 3. The assay results for all ore intersections from the 2011 resource delineation drilling have been received and significant ore intersections grades along with their Calcined Fe are given below in Table 4.

The drilling has extended the strike length, width as well as depth of goethitic-hematite mineralisation to more than 60 m (Figure 4) in the proposed DSO pit area at several places.

Figure 3: Nelson Bay River Iron Project drill hole location plan

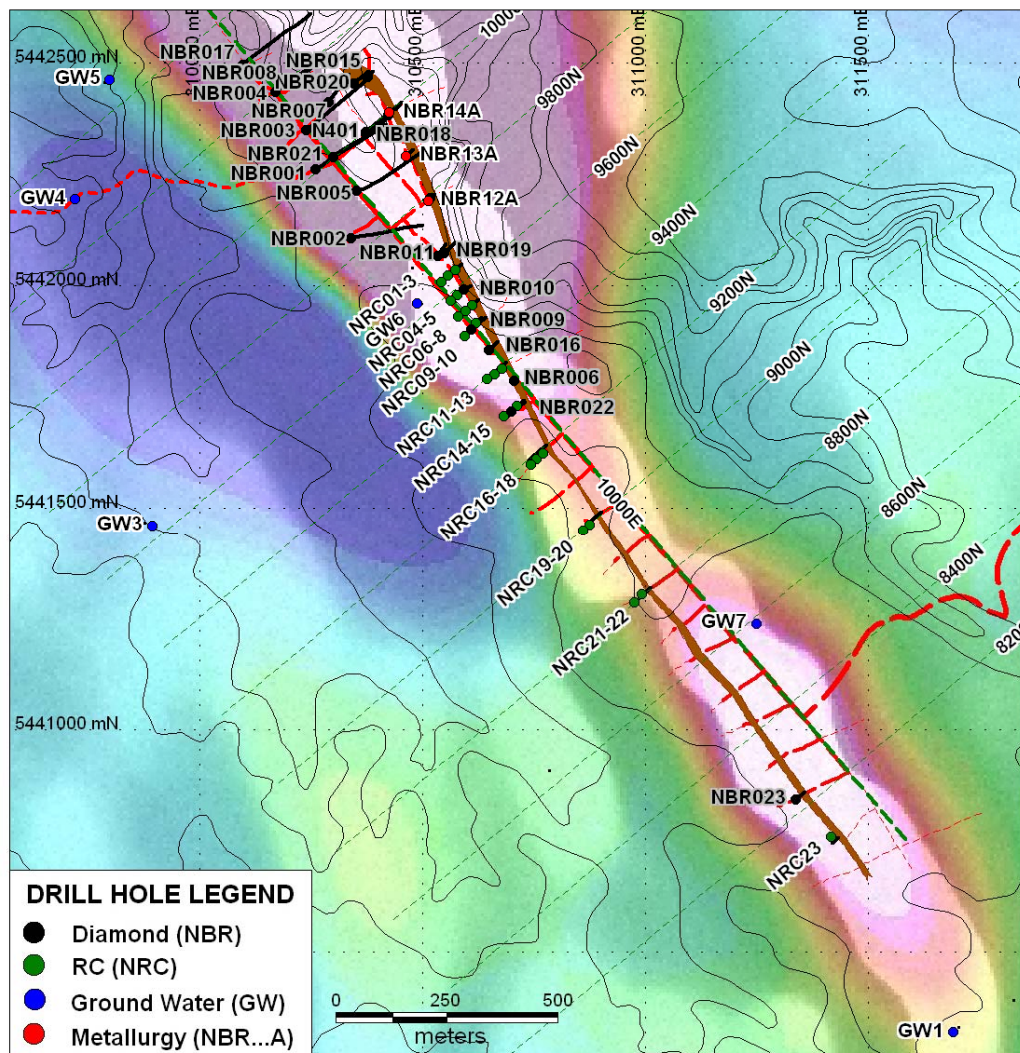


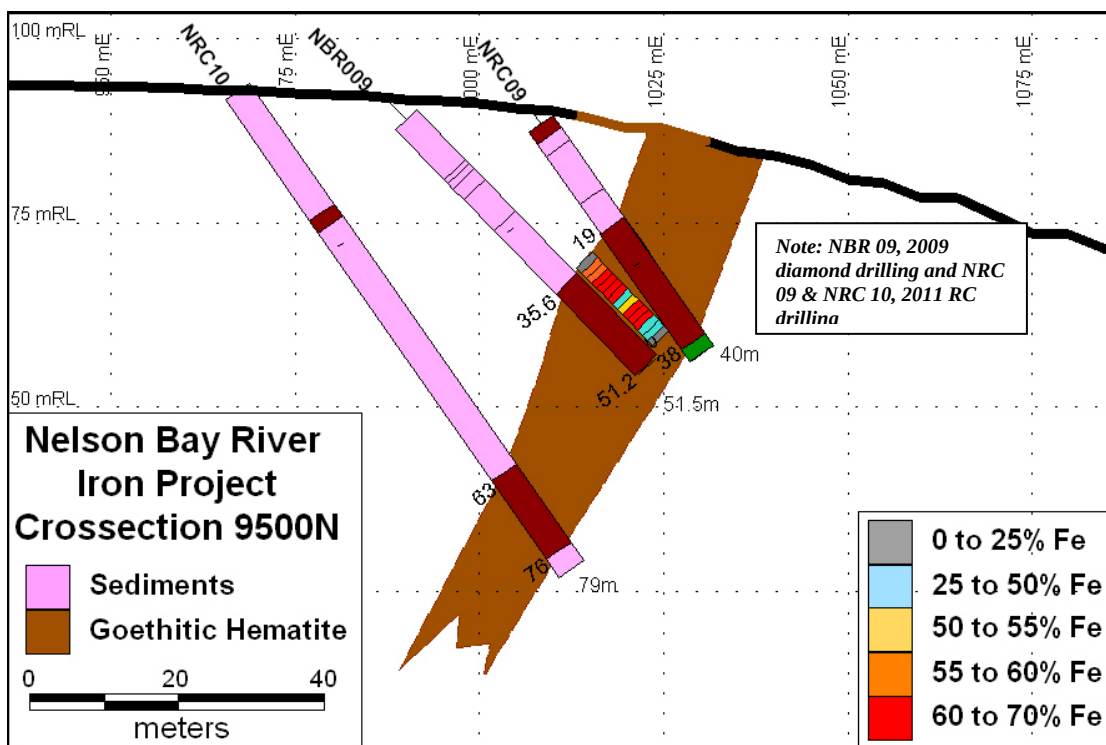
Table 4: Significant iron ore assay intersections at NBR

Location (N)	Hole ID	From	To	Interval(m)	CaFe %	Fe%	SiO2%	Al2O3%	P%	S%	LOI%
9600	NRC04	29	45	16	58.65	54.98	14.18	0.59	0.05	0.05	6.17
9550	NRC06	7	24	17	62.53	59.06	7.18	2.31	0.06	0.03	5.62
9550	NRC07	30	46	16	64.39	59.71	6.03	0.52	0.16	0.02	7.26
9550	NRC08	56	66	10	57.38	54.53	15.99	0.50	0.08	0.12	4.98
9500	NRC09	20	33	13	63.73	59.80	6.86	0.99	0.07	0.02	6.19
9500	NRC10	66	75	9	64.78	60.59	5.95	0.58	0.11	0.01	6.45
9400	NRC11	7	15	8	55.05	51.68	12.03	7.15	0.04	0.04	6.33
9400	NRC 12	33	46	13	63.39	58.73	6.22	1.63	0.10	0.02	7.30
9400	NRC 13	58	64	6	66.31	62.39	3.91	0.39	0.11	0.01	5.93
9300	NRC 15	7	27	20	63.25	58.05	4.47	1.41	0.06	0.03	8.24
9200	NRC 17	46	48	2	63.80	60.53	5.92	1.78	0.07	0.03	5.13
9200	NRC 18	12	24	12	63.38	58.19	5.91	1.84	0.14	0.03	8.18
8800	NRC 21	23	28	5	60.11	57.81	10.52	1.96	0.05	0.05	3.85

Note 1: Missing samples within the significant intervals have been applied averages of the whole interval . This is relevant for 2 missing samples in NRC 12 & 1 sample in NRC 18

Note 2 : CaFe is calculated as "Fe/(100-LOI)X 100" and is commonly referred to as calcined iron.

Figure 4: NBR cross section showing width & depth of iron mineralisation





Metallurgical Studies

A total of 3 PQ diamond drill holes , namely NBR 12A, 13A, and 14A, for 72.9 m were drilled in the BFO zone defined earlier by 2009 diamond drilling program above the proposed deep magnetite pit (Figures 3 and 5). . From this drilling, based on material characteristics, two composite samples for metallurgical testing were prepared. Composite one consists of cores from drill holes 13A and 14A, while the second composite was made from core of drill hole 12A. The significant results of the tests include that the composite of hole 13A & 14A was upgradeable to 56.1 % Fe by a dry low intensity magnetic separation (LIMS) with recovery of 83.6% (Table 5).

Table 5: Significant Metallurgical Test Results

COARSE COBBING - DRY LIMS TEST @ P100 1.0mm															
DRY LIMS @ 1100 GAUSS	FRACTION WEIGHT (Kg)	Wt. DISTn. (%)	Fe Grade (%)	SiO ₂ Grade (%)	Al ₂ O ₃ Grade (%)	CaO Grade (%)	MnO Grade (%)	P Grade (%)	S Grade (%)	MgO Grade (%)	Na ₂ O Grade (%)	Zn Grade (%)	TiO ₂ Grade (%)	K ₂ O Grade (%)	LOI-1000 Grade (%)
Mags	14.17	83.6	56.10	11.90	1.72	0.01	1.39	0.010	0.039	0.40	0.019	0.007	0.051	0.048	2.90

Regulatory Approvals for NBR Project

During the quarter the approval process progressed as following:

- Final Guidelines received for EIS following Public Exhibition period regarding EPBC approval
- Guidelines received for DPEMP regarding EMPCA approvals.
- Consequent additional studies (including various environmental surveys , engineering design etc, data acquisition from outside research & studies , risk assessment & mitigation analysis etc)completed during the quarter towards environmental approvals
- Site visits by various regulatory departments & stakeholders were organised during the quarter as part of assessment & consultation process.

Adamsfield (EL 11/ 2006)

The company has agreed with MRT for not to apply for an extension of the term of the exploration licence E L 11/2006 (Adamsfield) before the expiry on 13th June 2011; as the licence is now in the Adamsfield Conservation Area and the Tasmanian Wilderness World Heritage Area.

MRT has agreed to an ex-gratia payment of \$76,000 (including G ST) as a reimbursement of exploration expenses.



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.

Capital Raising

Underwriting agreements were entered for partial quantity of Options with expiry of 30/6/2011 at an exercise price of \$0.20 each. Consequently, a total of appx 7.187 million options were converted into shares on 14th July 2011 and as a result of options exercise & underwriting agreements an equity capital raising of appx \$1.437 million was achieved & the balance options expiring on 30th June 2011 (being appx 1.6 million options) have been cancelled.

Proposed Work Program for Q3 - 2011

For Q3, 2011 the following activities are planned:

- Planning of exploration programs for NBR, Rebecca Creek, Mt Sorell, Mt Bertha and Sulphide Creek tenements;
- Work on data base including; data entry and validation of drilling data;
- Estimation of resources;
- Pursuing Approval process for NBR Project; and

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.