DRILLING REPORT

APRIL-MAY 2009

NELSON BAY RIVER EL 41/2004

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CONTENTS

TABLES

LIST OF PHOTOS

INTRODUCTION 4

The Nelson Bay River Exploration Licence EL/2004 was first drilled in the summer of 1966/67 by Pickands-Mather, to investigate the large magnetite anomaly shown on the newly flown aerial survey. The drill hole NB 401 was terminated at 137m after intersecting a 30m wide iron rich unit from 45-75m (inclined depth). The iron in the form of magnetite was contained in a mineralized dyke striking 340 degrees and parallel to the regional outcrop of Proterozoic age Cowrie Siltstone Formation.

In July 2000 Pacific-Nevada carried out a 2 diamond drill hole program to re look at the magnetic anomaly from a gold – base metals bearing prospective and abandoned the area after the assay results came back poorly mineralized except for the iron rich intercepts.

The area was taken up in 2004 by about to be listed Zinico Resources NL who re looked at the data and in the field and calculated a resource of 4Mt at 40% total iron. Based upon this the area was further drilled in 2006 with the result of a (JORC compliant Inferred) resource of 6.9Mt with contained magnetite estimated as 2.63Mt.

The EL was taken over by Shree Minerals Limited in June 2008 and plans were made to further investigate the resource which included re establishment of the old grid, a ground magnetometer survey, and rock sampling of the mineralized outcrop. Details in the NBR Y4 Annual Report March 2009, Appendix 3.

The favourable results from the surface work above, was the stimulus for the drilling that was carried out in April-May 2009.

LOCATION

The Exploration Licence is 50sq km and lies some 70km south west of Smithton in the far north west of Tasmania. The south west corner of the EL is at Couta Rocks on the coast, 15km south of the Arthur River mouth and township (see the road map p5).

Access to the EL is from either Smithton to the Kanunnah Bridge then Rebecca Link Road (from the north east) or from Arthur River mouth and township south to Couta Rocks then east along the Rebecca Link Road then (from both directions) to the junction with the (Forestry service) Wuthering Heights road into the eucalypt forest plantation turning left at spur road 10 until its end.


Robbins Island
ROBBINS PASSAGE
Stanley
SMITHTON
Mella
Smithton
Forest
South Forest
Christmas Hills
A2
Marrawah
Redpa
Togari
Brittons Swamp
51
Irishtown
Alcomie
Edith Creek
Lileah
Nabageena
Roger River
Trowutta
Arthur River
River Cruise
Arthur River
Couta Rocks
Temma
Balfour
Savage River National Park
Luina
Savage River
Ann Bay
Kenneth Bay
Sandy C
Duck Bay
Sawyer Bay
Port Latta
Hellyer
Mawbanna
Dip Falls

ACCESS 6

Access to the prospect is good. The roads form Smithton to the Arthur River settlement and bridge crossing and the road to the Kanunnah Bridge are sealed. Over the Kannunnah Bridge to the Western Explorer the road is also mostly eased. From the this junction and from across the bridge at Arthur River the roads are double lane well formed and maintained gravel sealed including the Forestry Wuthering Heights Road into the Forestry Coups.

The spur roads (such as WH-10) become single lane but are also all weather gravel and in good condition terminating at the end of the eucalypt plantation on the south side of the Nelson Bay River (see map p7&8).

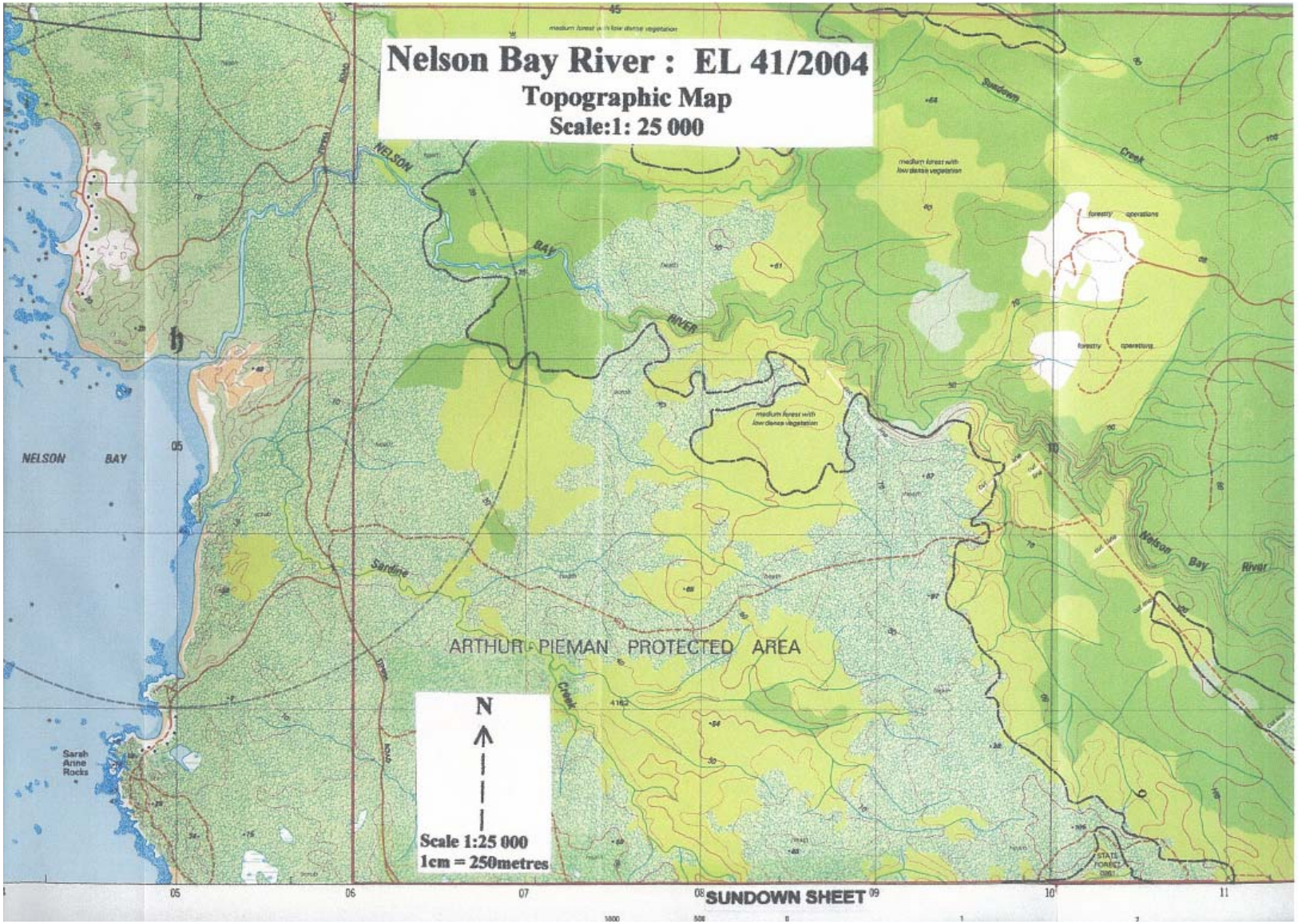
At the end of this spur road WH-10, there is a further left turn heading south along an established (in 2000) 4x4 track until the junction of the baseline heading 340 degrees northwest to the main sites of interest. (See the 100 000 & 25 000 scale topographic maps. p7&p8) This track was refurbished in 2006 and again in 2009 for company use.

In September 2008, line cutters made cross cut lines every 200m across the baseline over the Southern Anomaly from (local grid) 8 000mN to 8 600mN (4 in total) and 200m on both sides of the baseline. Amongst other uses this would have provided access for a proposed drill hole (not drilled) to test this southern anomaly.

In the main northern anomaly area, approximately 200m cut cross lines were cut from the baseline to the river at each 200m interval from 9 400mN to 10 400mN (local grid) and 2x100m spaced infill cross line between 10 000 and 10 600m. The lengths of each of these varied as they were only cut as far as the river.

Additional line cutting was carried out in March 2009 for access to one of the deeper drill holes (NBR#7) and also along the dyke out crop from 9 600mN to 10 150mN. This line cutting was for pathfinder purposes for an excavator to make a track suitable for access by a track mounted diamond drilling rig. Fifteen logs were prepared for track cording but not used


NELSON BAY
NELSON BAY SHEET
TOPOGRAPHIC MAP
Scale 1: 100 000
1cm = 1km
EL 41/2004 Nelson Bay River


Nelson Bay River : EL 41/2004
Topographic Map
Scale:1: 25 000
NELSON BAY
ARTHUR PIEMAN PROTECTED AREA
Sundown Creek
Nelson Bay River
Sardine Creek
Sarah Anne Rocks
N
Scale 1:25 000
1cm = 250metres
SUNDOWN SHEET

LOGISTICS 9

The September 2008 line cutters were sourced out of Wilmot (Tas Tree Services Pty Ltd) and later out of Lorrina (Tree Maintenance & Landscaping) The excavator was a Cat 8t machine hired from Jim Hursey a Dairy Farmer near Smithton.

Where necessary, accommodation through out the program was at the Arthur River Cabin Park, where one or more of the on site cabins was rented by the company for its own use and these contractors and the drillers. This proved to be satisfactory (including for the night shift when used) by the drillers. Meals were initially cooked on site then a period where a local shop provided meals for 2 weeks, then a reversion to self cooked meals. All shopping was carried out at Smithton.

Diamond drilling was carried out by Almac Drilling Pty Ltd of Zeehan using an ALCO 900 rig, hydraulic power driven chuck/head, pump powered by an on board diesel motor which also powered the steel track mounted rig. Support was by 2 rubber tracked crawlers and 1-2 Landcruiser 4x4 wheel tray back utilities. The heavy vehicles were mobilized out of and returned to Zeehan by suitable tray back trucks.

ALCO 900 on site NBR #9

Drilling was due to commence in the week beginning on Monday 23rd March and in fact the drillers arrived on site one week later on the 31st March 2009. This was at the end of the summer (less wet) season and the anticipated water supply from the creek near the first hole was dry as was another creek nearby used in 2000 (between drill holes NBR#1 & NB401 in addition the creek used as water supply in 2006 between the end of the Wuthering Heights Spur-10 road and the baseline, along the access track in, was also dry. This presented a water supply problem. Two sites were looked at being the main Nelson Bay River where the cut baseline of 2006/2009 meets it (in the far north) and also at the east end of the cross line at 10 200mN beyond the proposed drill site NBR # 8. The access to these 2 sites was considered to be too steep for the water pump to be placed there.

The drillers came up with the solution of flying in the pump + 1x 44g drum of diesel fuel on a long line with a Long Ranger helicopter. Obsbourne Aviation of Stanley was asked to carry out this task at noon on Thursday 2 April 2009. The drillers took the option of the shortest route to the river from the baseline (about 150m at 9 600mN) following a gully down and making an improvised cleared space on the river bank to site the pump and fuel. This water source was used throughout the entire drilling program using hose extensions and running along the baseline and cut cross lines.

The two long holes NBR #7 & #8 were drilled HQ-NQ (target depth 100m) whilst the all the short holes (target depth 30m) were drilled only by NQ. All were aimed at 050 azimuth and dipping -45 degrees. Two camera shots was taken on the long hole # 8 in both cases the azimuth bearing was not readable and only one dip of -42 was read at 67m on NBR#8 The drillers mentioned that shots on NBR#7 were also not readable and the cause of this was thought to be old exhausted fixing chemicals. The drillers did not have any fresh chemicals. No down hole readings were taken on any of the short holes. They are presumed to be at -45 to 050 degrees.

Green Plastic HQ core trays were sourced from the Sandvic Company (ex International Mining Supplies) in Yandina Qld. These were trucked to Tasmania via Tas Freight Services collected at Latrobe (Tasmania) by a Smithton tucking firm Steven Gray Transport and carried to the end of the Wuthering Heights spur road 10 then off loaded and carried into the bush by the drillers. The full core trays were later picked up by Steven Gray and taken to the Latrobe depot of Tas Freight Services for further transport to the MRT core shed at Mornington (Hobart). Core was logged and magnetic susceptibility tested, split, bulk density (SG) measured, sampled and these were transported to SGS-Lakefield Labs in Perth for assay.

PREVIOUS DRILLING 12

1967
The first drill hole of the prospect was carried out in the summer of 1966/7 by Pickands Mather who drilled 137.6m inclined depth at 050 degrees azimuth into the main northern magnetic anomaly hill at local grid site 10 000mN & 10 100mE. This hole intersected a 30m wide iron rich zone from 46-75m consisting of variable amounts of magnetite, amphibole and carbonate.

2000
In July 2000, Pacific Nevada drilled two diamond drill holes into the anomaly. Located 20m north of local grid 10 000mE & 50m west of local grid 10 000mN ie 10 020mN & 9 980mE.The first hole NBR #1 was drilled to 253.8m inclined at -48 to 056 azimuth. This hole was designed to test this main magnetic anomaly approximately 100m down dip of the 1967 hole. A 43m wide zone of mineralization was intersected between 187.5 to 230.5m

The second hole, located 45m north of the cross line 9 800mN & 90m west of the baseline 10 000mE ie on local grid at 9 845mN & 9 100mE. This hole was drilled to 239.5m depth, -45 inclination to 078 degrees and was approximately 200m south of the previous hole (NBR#1) This second hole intersected a 40m wide zone of skarned mafic/ultramafic dykes dipping 60 degrees to the west and hosted by weakly altered Proterozoic sediments dipping 60-70 degrees east.

2006
In May-June 2006, Zelos Resources NL cored 3 angled long holes into this anomaly and one short vertical hole at the southern part of the outcrop of the mineralized dyke.

NBR#3 was collared on the baseline 10 000mE at 10 100mN inclined at -45 aimed at 050 and drilled to 225.6m inclined depth. The ore zone was intercepted at 148-167m ie 19m.

NBR#4 was collared on the 10 000nE baseline at 10 200mN cross line and was inclined at -45 to 055 degrees azimuth and drilled to 187.4m. The ore zone extends from 157.7 to 177.7m ie 20m wide ore zone.

NBR#5 was collared 2m west of the baseline 10 000mE and 10m north of cross line 9800mN local grid. The hole was inclined -45 aimed at 065 azimuth and reached a total depth of 151.4m. The top dyke wall skarn zone was intersected at 114-115.5m then a further siltstone to end of hole. The lower footwall mineralization was not reached?

NBR#6 was collared 6.2m west of the baseline 10 000mE and 50m north of cross line 9 350mN ie 9 350mN 9 994mE local grid and was HQ to 33.50m at -90 degrees ie vertical. This hole intersected the weathered zone of the mineralization from 13.5-27.7m ie 14.20m of hematite with further ironstone mineralization noted elsewhere in the hole.

Detailed logs of these holes are reported in the MRT AR Y2 March 2007.

DRILLING IN 2009 13

The drilling programme in 2009 was designed to accomplish three aims.
1 To increase the size of the ore resource
2 To increase the JORC confidence level of the main resource outlined in 2006
3 To test the surface oxidized zone for its potential as Direct Shipping Ore (DSO).

The original plans for item 1 above included the drilling of a hole to test the subsurface of the Southern Magnetic Anomaly and also step out drill holes to the north and south of the main magnetic ore resource including the re entry of NBR#5 to further test it at depth. This part of the program was modified and sacrificed to the other two aims listed above.

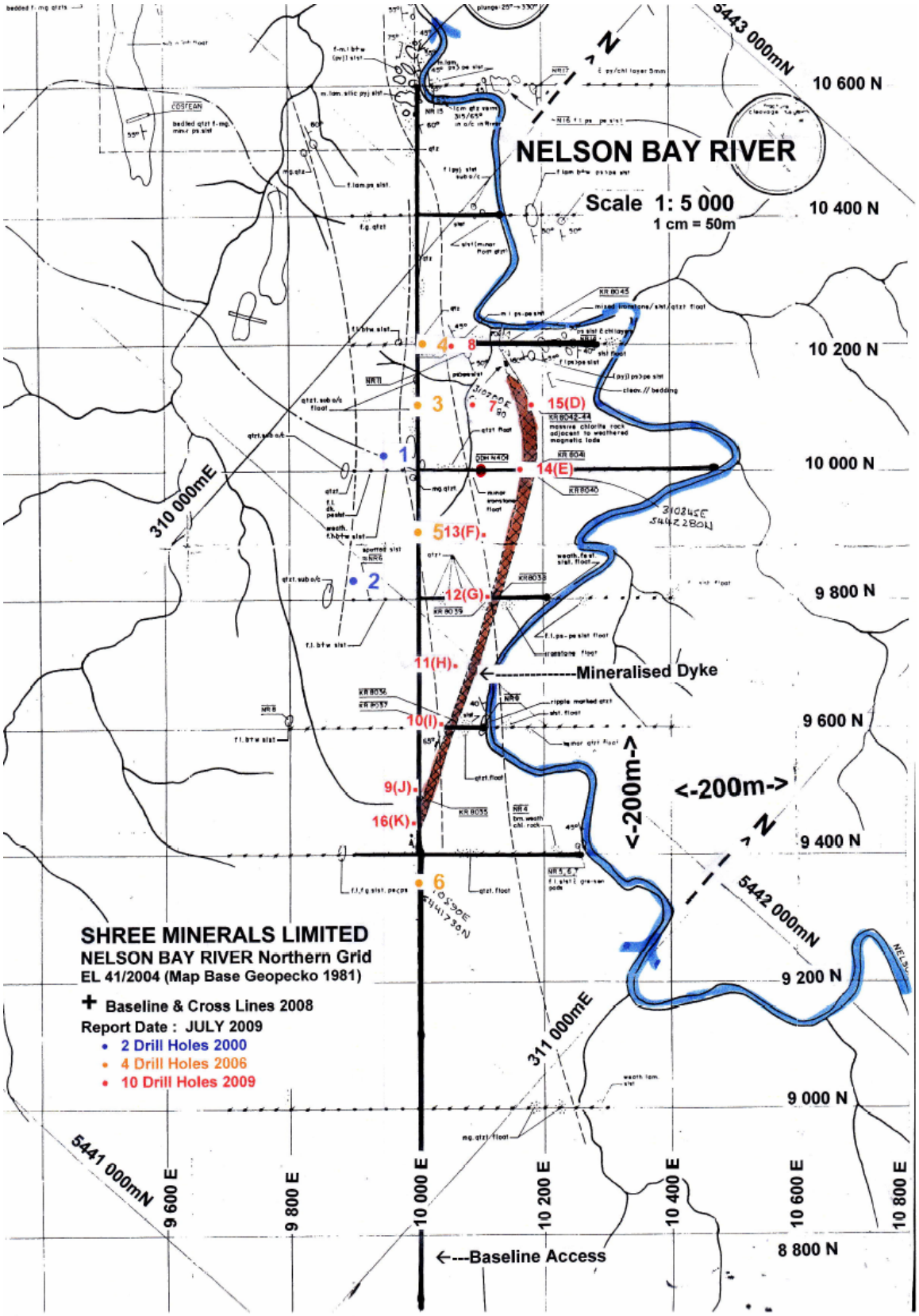
To increase the JORC Category level of confidence from the inferred level to an indicated level, it was planned to drill two further holes into the main anomaly parallel to and in the same cross section as the previous holes. To this end the first of the long holes NBR#7 was planned to be drilled in the same direction and dip as the 2006 hole NBR#3 but about 100m grid east of it and so about 70m above it. Similarly NBR#8 was planned to be in the same cross section, direction and dip as the 2006 drill hole NBR#4. The hole was also planned to be 100m east and 70m above NBR#4. For practical reasons in both cases this could not be done. Hole NBR#7 was 82m east of NBR#3 owing to a too steep hill side not allowing access to the 100m peg mark, and 10m loss of rod parking space. Similarly hole NBR#8 was at 50m east because the terrain was far too steep beyond the 50m peg east of NBR#4.

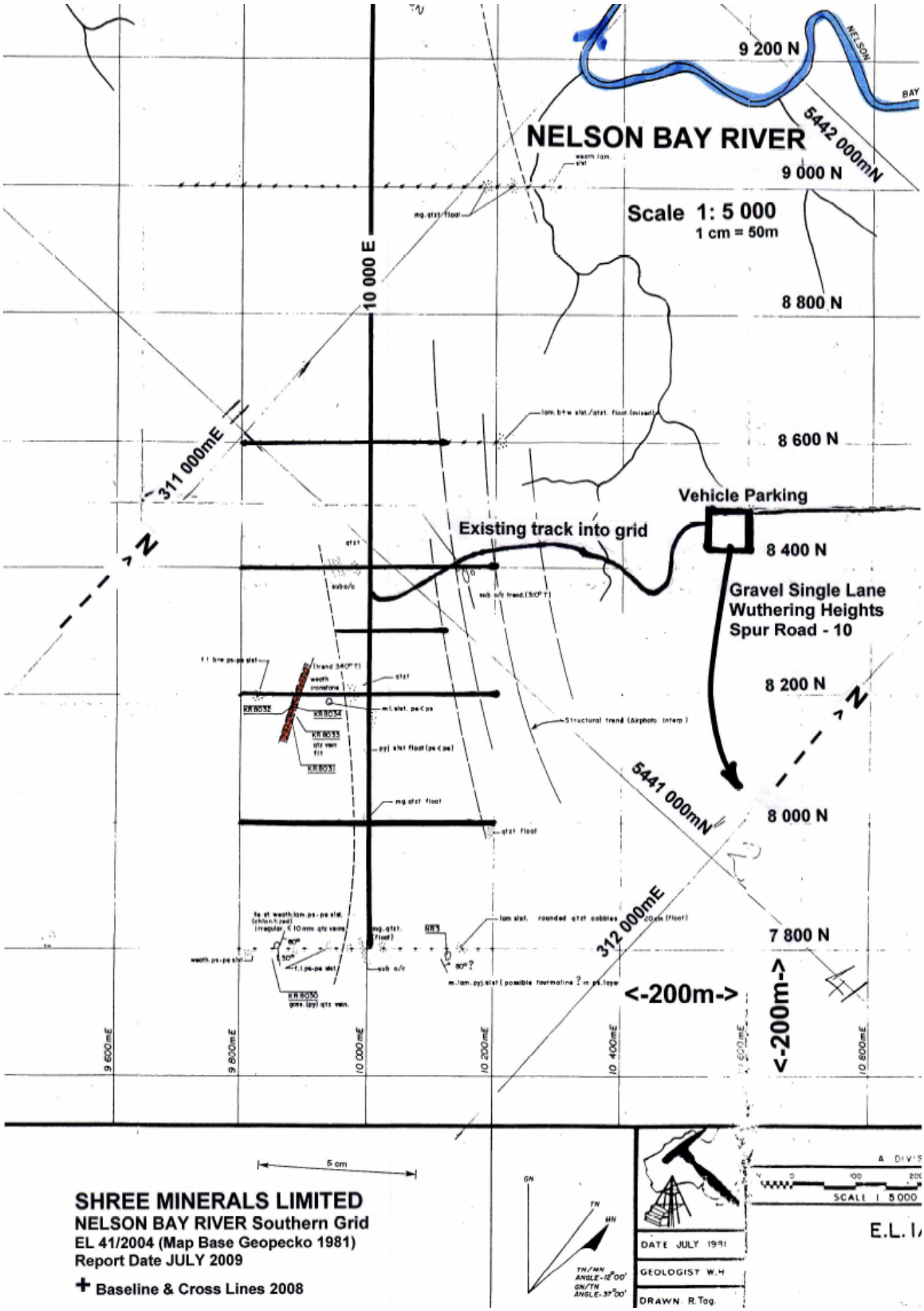
The surface out crop sampling of the cliff top ironstone in November 2008 was very successful returning Fe assay results over 60%. This encouraged the idea of testing the magnetite dyke outcrop for its potential as Direct Shipping Ore (DSO). The plan was for a new track to be made along the west side of the cliff top and 7 drill pads to be constructed at 100m spacing to test this DSO concept. Construction of this track proved more difficult than anticipated with the local topography encouraging the track to veer off course, making several corrections to be necessary. In addition local conditions of geology and drilling problems made it prudent to construct several more pads than required. The furthest drill pad north was to the east of the outcrop hence was not used. It was decided not to use the 50m infill pad constructed in its place and in addition the first shallow hole NBR#9 encountered good hematite intersections and was abandoned as incomplete therefore 2 further pads were constructed at 50m spacing either side of it and only one was used..

The 2009 shallow hole program completed was thus holes NBR#9 to 16 (8 holes drilled) For this part of the program, the NBR#6 drilled last in 2006 was also included as it was only a further 50m south, on the outcrop and also contained ironstone mineralistation.

Drilling commenced on Friday 3rd April with the spudding of NBR#7 in the morning and ceased at the end of hole NBR#16 on Saturday afternoon 2nd May 2009. A total of 8 days were lost owing to stuck rods and mechanical failure of the AD900 track mounted dd rig

NORTHERN GRID




9 200 N
NELSON BAY RIVER
5442 000mN
9 000 N
Scale 1: 5 000
1 cm = 50m
10 000 E
8 800 N
8 600 N
311 000mE
Vehicle Parking
Existing track into grid
8 400 N
Gravel Single Lane
Wuthering Heights
Spur Road - 10
8 200 N
5441 000mN
8 000 N
312 000mE
7 800 N
<-200m->
<-200m->
9 600mE
9 800mE
10 000mE
10 200mE
10 400mE
10 600mE
10 800mE
5 cm
SHREE MINERALS LIMITED
NELSON BAY RIVER Southern Grid
EL 41/2004 (Map Base Geopecko 1981)
Report Date JULY 2009
+ Baseline & Cross Lines 2008
DATE JULY 1991
GEOLOGIST W.H
DRAWN R.Tog.

NBR #7 **16**

Drilling commenced on Friday 3rd April 2009 at the site of NBR#7, located 82m east of the baseline 10 000mE on cross line 10 100mN. The preferred site was at the 100m peg but this was not possible because of the steep hill side. Thus for practical reasons the 92m distant site was prepared at the base of the hill slope and this too had to be retracted 10m to allow for the parking of the drill rods in front of the collar site. The hole was completed on Wednesday 8th April 2009 ie 6 days inclusive, day only shift and terminated at 108.40m inclined depth. The hole was inclined at surface at -45 degrees and aimed at 050 azimuth. Core recovery was good. HQ to 24.30m then NQ to end of hole. There was no weathered zone in this hole as it was collared at a topographic low. Just over 1m of soil and loose surface rocks were encountered before solid siltstone country rock was cored to 38.7m inclined depth. The siltstone is fine grained, dark to light grey in colour, locally greenish with fine white (mostly1-3mm, locally to 10mm) white (quartz) sand bands or laminations parallel to core axis (at -45 degrees) indicating the core also being drilled down dip and parallel to bedding. Sedimentary structures such as slump and current bedding was observed as well as boudinage and stretch features. Locally fine crystalline fresh pyrite mineralization was on fractures and in veins <1mm.
From 38.7m a contact zone was evident, where the siltstone was still dominant but became much broken and brecciated losing its bedding orientation and locally developing clay pods and also some local minor silicious magnetite nodules noted. This contact zone became strongly brecciated at 40.9 – 41.5m with quartz veins to 5mm 45 deg to core axis Pink coloration locally suggested the presence of garnet (pyrope or almandine?) and fine dark green zones suggest the presence of chlorite, light green zones tremolite? Again some magnetite nodules locally and pyrite is also evident in the fine (to 3mm) quartz veining.
The first ore zone was determined to be from 56.30 to 76.50m ie 20.20m wide. Magnetite being the main ore mineral and black semi to massive locally with some well developed cubic crystal structures. The light to dark green matrix zoning being actinolite/tremolite amphibole rich. Pink local zones are likely to be garnetiferous. Most intense white siliicous looking viens are believed to be quartz but some maybe calcite.
The above could be considered a skarn zone however there was no HCl acid available to test for the presence of carbonate although some intense white patches may have been calcite rather than quartz. A further contact zone 76.50 – 93.00m where magnetite is still present but in much diminished quantity including a 10cm zone, minor chlorite locally, and much brecciated siltstone with local quartz veining to 10mm.
Further ore rich zones (ie magnetite >33%) were observed at 93-94m, 98.1-98.4m, 99.50-100.50m and 103.60-103.70m each one containing massive to semi massive magnetite with tremolite matrix and brecciation textures, locally some clay and siltstone remnants.
The lower footwall contact zone was determined to be at 100.50m where siltstone again dominated the core albeit much fractured and brecciated. At 105.00m grey siltstone again with bedding characteristics mainly parallel to the core axis appeared with some quartz veins. Fresh country rock (of grey siltstone) was determined to be below 106.50 and the hole was terminated at 108.4m inclined depth. This is around 80m vertical depth from the drill hole collar and 100m vertical from the top of the hill.

Core recovery from drill site #7 (above) Magnetite (+ matrix) mineralized core below.

NBR #8.

Drilling commenced on this hole on Saturday 11th April and was completed on Wednesday 15th April 2009, a total of 5 days inclusive, including one night shift. The hole was sited 100m further northwards from the previous holes/cross section. It was 50m east along the cross line at local grid 10 200mN. It was the furthest north hole drilled and was 50m short of its intended location owing to very steep and in accessible terrain. The hole was inclined at -45 degrees and aimed at 050 azimuth parallel and about 35m above the NBR#4 hole drilled in 2006. Total depth reached was 125.5m inclined depth which is about 90m vertically below the collar and approximately 70m below surface of the hill slope. Core recovery was very good, HQ to 18m then NQ to end of hole.

The oxidized zone (in this case defined to the deepest level of iron staining in rock) was at 35m inclined depth. The first 13m consisted of a few metres of unconsolided surface soil and clay and much fractured weathered and multi-coloured siltstones. At 8.60m the first layer of clay (light grey: after siltstone) with accompanying poor core recovery as the bulk of the clay washed out. Then to 35m a siltstone much broken and iron stained (after pyrite) with core loss. It is likely that this is the same sedimentary horizon as drilling at -45 is parallel to bedding ie down dip. From 35m there was no longer any yellow-brown iron staining indicating the base of oxidation. The siltstone (to 69m) had minor clay layers, was fresh grey with white fine laminations parallel to the core axis. Locally there is fresh pyrite in fine veins (to 1mm) with good core recovery.

The Contact (Breccia) Zone (69.00 – 81.10m) is mainly siltstone of the same type with broken fragments in random orientation owing to brecciation accompanied by alteration associated with fine cross veining of quartz with minor pyrite veins. Grey colour darkens to green and much more fracturing is evident in the deeper parts. Dark green chlorite zones are evident with increased silicification and nodules of quartz and core loss increasing.

The Ore Zone extends from 94.60 – 107.70m (ie 13.10m wide) Magnetite is black and massive over 50% of the core with light green to off white (tremolite?)matrix. Magnetite crystals 1-3mm locally massive to >75% (locally rising to 100%) by volume. Locally dark green chlorite is present Other colours such as pink (garnet ?) white (pervasive calcite alteration?) locally irregular and cut off cross veining 1-3mm of quartz in an overall brecciation texture ranging from mild to severe (depending on the magnetite to matrix ratio).

The lower contact zone comes in at 107.70m and extends to 121.90m (14.20m), comprised of interlayered, altered siltstones and magnetite stingers.*Magnetite stringers are at 113.4m (0.40m) and 120.20m (0.50m) and again are >50% of the core with differing coloured matrix being white after calcite and pink/green after garnet/tremolite? Non magnetite rich zones have fragmented laminated siltstone remnants disoriented locally and cross cut by fine pyrite veins, and dark green chlorite zones.*
From 121.90 to end of hole at 125.50m, fresh unaltered siltstone country rock grey and bedding parallel to core with 1mm pyrite veins at 60% to the core axis is encountered.

Above: NBR#8 on edge of (almost)cliff site. Below mineralized core from NBR#8

DIRECT SHIPPING ORE DRILLING (DSO) 20

This was the third aim of the 2009 drilling program. It was based on the results of the surface rock outcrop sampling of the dyke in the northern main area, the results of which returned iron content assays of over 60% giving rise to the possibility of mining the surface out crop as a Direct Shipping Ore of hematite, magnetite, etc with minimal processing and treatment.

With this aim in mind, it was decided to test the potential of the mineralization as DSO by carrying out a series of shallow drill holes designed to determine the strike length and grade of the mineralisation. The focus of this was the known 600m of outcrop of the mineralized dyke and also its subsurface southern 300m extension to the 2006 NBR#6 shallow drill hole which was incorporated in this program as the southern limit.

Drilling was planned to intersect the dyke as close to surface as possible, hence a new access track along the western (hanging wall) side of the -60 degree dipping dyke. The holes were all drilled from the west to east at -45 degrees to 050 azimuth with the intention of intersecting iron mineralization less than 30m from surface in the oxidized zone. A total of 8 new holes were drilled resulting in a very successful program.

NBR #9

Drilling of this hole commenced on Wednesday 15th April 2009 and was the first of the shallow holes to be drilled and proved to be the most successful and difficult hole. It was successful because it returned a 15.50m intersection of hematite iron mineralization and being first hole and some 300m south of the nearest previous deep hole (NBR#2 of 2000). It was difficult because it was uncompleted ending in mineralization at 51.2m inclined depth where drill rods became stuck resulting in retrieval difficulties with 3 lengths (18m)of NQ rods plus drill bit being left and abandoned in the hole. The recovery process caused hydraulic and mechanical failure of the drill rig requiring major repairs and a time delay of 8 days before the next hole was commenced.

Total depth reached was 51.20m inclined depth on Thursday 16th April. The hole was -45 to 050 azimuth located on the baseline 10 000mE at local grid station 9 500mN. It was designated as site (J) for this program targeting near surface hematite mineralization.

The entire hole was in the oxidized zone (defined for this purpose) of rocks intersected with yellow-red brown iron staining. At surface, nodules were massive silicious black ironstones followed by clays from 0.05 to 35.70m. These clays were multi coloured ranging from light orange to white to pink to kharki to red brown to grey. They had substantial core loss in places and some brecciation textures locally. Locally some contained silicious (quartz-ironstone) nodules, some siltstone remnants some with iron stained fractures and some with lamination textures like fresh siltstones of the Cowrie Formation fresh country rock of the area.

The Ore Zone was determined to be from 35.70 – 51.20+ m as the hole was incomplete and terminated at this depth owing to stuck rods. In this 15.50 m ore zone hematite was black to dark red-brown, massive and dense with minor voids. Other sections were "rusty" ie a friable kharki coloured and soft yet somewhat silicious. Some severe core loss particularly in a soft sandy black-kharki coloured powder. Locally there were some ironstone nodules.

NBR #10

This hole commenced drilling on Saturday 25th April and was completed on the same day The hole was located 50m east of the baseline (10 000mE) on the cross line 9 600mN local grid. The hole was drilled -45 degrees to 050 azimuth and was terminated at 26.50m The hole was designated site (I) and was on the top of the (almost) cliff where the water line from the river came up to service the drilling. It was set back about 10m from the mineralized (almost) cliff edge out crop and this shows in the drill results.
Surface to 6.90m was poor recovery with clay of various shades of brown

The Ore Zone was noted to be from 6.90 – 22.60m (15.70m). At the top of the ore zone hematite was massive dense dark brown then some clay then more hematite through to the contact zone interspersed with clays and varieties of hematite semi massive, fresh & black, rusty kharki friable, and dark red brown porous types of hematite.

The contact zone was determined at 22.60m and was fine grained sandstone iron stained, with crystal voids cubic after magnetite? and a green mineral tremolite? Below this, at 25.70m, sandstone to the end of hole, fresh with no iron staining, but with bedding difficult to determine.

NBR #11

This hole commenced on Sunday 26th and was completed on Monday 27th April 2009. The hole was designated (H) and located 50m east of the local grid baseline (10 000mE) and on the cross line 9 700mN, 100m north of the previous hole (NBR#10) above and west about 50m of the cliff edge. The hole was drilled at -45 degrees to 050 azimuth and terminated at 45.70m inclined depth just past the base of the oxidized zone.

Core recovery was generally poor, with clay washouts and much broken ground. The first 5m was surficial soils and clay with the first hard rock at 4.5m siltstone of the hard silicious fine grained grey type followed at 11.00m a slightly coarser variety with limonite on fractures. Ironstone nodules at 19m. 19.10 to 24.90m was several clay sections after siltstone with light brown, white and light pink colouration. Below this a 10cm width of quartz with hematite-limonite/goethite staining in veins and on fractures. From 25m to 44.40m sandstone (slightly coarser version of the normal siltstone country rock). This was locally powdery, or silicious, with quartx veining 45 to core axis (also at 45 degrees), color dominantly kharki also grey and red-browns.

There appears to be no ore zone as previously (ie massive hematite zone) reasons suggested for this are 1) the hole was sited too far west & away from the cliff edge hence the 45.70m drilled was not deep enough to intersect the mineralized horizon 2) the site is roughly east of NBR#2 drilled in 2000 where the mineralized section was noted as dipping a little steeper +60 degrees 3) possible thinning and or non existence of an iron rich unit in this location 4) only the very top of the dyke was intersected and very weathered at that ie clays after skarn minerals and remnant ironstones.
Further drilling nearby would help determine reasons for this mineralization no show.
Fresh rock with no iron staining was encountered from 44.40 to 45.70m at the end of hole

NBR #12

Drilling commenced Tuesday 28th April 2009 and was completed the same day. The site designated as (G) is located 110m east of the baseline (10 000mE) and on local grid cross line N 9 800mN the site is very close (about 5m) to the edge of the (almost) cliff and outcrop. The hole was drilled at -45 degrees to 050 and was terminated at 19.00m.

The surficial zone to 5m was minor soil mainly clay (washed out) and ironstone nodules.

The Ore Zone was intersected at 5m and extended to 14.50m (10.50m). Core recovery was generally poor through this zone with almost total core loss from 13-14.50m depth. Hematite varied from 50cm massive black ore to limonitic semi massive to vuggy with crystal voids after magnetite and silicious ironstone nodules.

The lower contact zone was intersected at 14.50m and was siltstone dark kharki to black soft, with minor fine veins of quartz then below this reverted to “normal” siltstone of the typical grey fine white laminated parallel to bedding & core axis locally iron staining on minor veins and fractures.

NBR #13

Drilling commenced on this hole, designated site (F), on Wednesday 29th April 2009. The hole is located at 100m east of the 10 000mE baseline and on the local grid cross line 9 900mN. Drilled at -45 degrees to 050 azimuth the hole was terminated at 31.20m inclined depth.

The surface zone to 4.50m was minor soil, mainly clay (washed out) and ironstone nodules. Siltstone country rock was intersected from 4.5m to 12.90m inclined depth. Fine grained grey, locally with fine white laminations, clay zones (with wash outs) and some ironstone nodules. The contact zone encountered was from 12.90 to 14.50m and comprised limonitic silicious nodules and brecciated textured siltstone/iron fragments.

The Ore Zone extended from 14.50 – 26.00m (11.50m). 14.50 to 16.50 is a magnetic zone (responding well to the presence of a magnet for deflection detection). This is probably a skarn zone and is much weathered to hematite/limonite with abundant cubic crystal voids and remnants after magnetite. The matrix is whitish suggesting calcite alteration and the presence of siderite and pale or bleached tremolite. Two metres of rusty, vuggy, dark red-

brown hematite also with crystal voids. One metre of much fractured and hematite pervaded siltstone followed by a further almost 1m of kharki coloured and vuggy (friable) hematite. At 20-24m, a magnetite rich zone with whitish and grey/green alteration minerals probably calcite/trmolite. At 24-26m, hematite again limonitic yellow-brown friable (vuggy) and breccia textured.

The lower contact zone 26-28m much altered and mainly clay (and core loss) dark green-black rock possible chorite alteration zone with iron stained fractures.
Fresh country rock with no iron staining was encountered at 28-31.2m (at end of hole). This is siltstone grey irregular bedding many fractures with veins of quartz to 1mm.

NBR #14

Designated site (E) drilling of this hole commenced on Thursday 30th April 2009.
This hole and its predecessors NBR#1 (2000) and NB401 (1967) were all sited on the cross line of the local grid established in 1966 covering the strongest and widest part of the airborne magnetic anomaly with confirmation (2x) later with ground magnetic surveys. It also co insides with the topographic high of the hill top where the magnetic anomaly was the target of all 3 drill holes. This current hole NBR#14 is located 175m east of the baseline (10 000mE) and is on the local grid cross line 10 000mN and 75m east of the diamond drill hole NB401 drilled to 137m in January 1967. This NB401 hole was located at the base of the hill site at 100m east of the baseline whilst the current hole NBR#14 was 75m up the hillside and about 20m from the top at the widest part of the outcrop measured at 10m width and channeled sampled in November 2008. The NBR#14 drill hole was collared about 10m down hill from the start of the mineralized outcrop. Drilled at -45 degrees to 050 azimuth to a depth of 29.40m.

No core was recovered from the surface to 5m as this was soil and loose small (ironstone) gravel. When poor recovery commenced it was 0.5m of magnetic gravels and nodules after magnetite then also 2.5m of non magnetic ironstone nodules.

The Ore Zone commenced at 8.5m and ended at 23.90m (15.40m) and mainly hematite.
The top 3m was hematite red-brown, silicious with a brecciated texture.
The next 4m (11.50-15.80m) hematite rusty appearance, vuggy, friable brown-orchre coloured quartz veining to 3mm.
The next 2m (15.80-17.30m) is semi massive dense dark brown to black and crystalline magnetite followed by core loss and friable silicious nodules and then more dense black magnetite with stock works fine silicious veins and more black nodules and core loss.
The last 1½ m massive friable black to kharki coloured hematite.

The lower contact zone 23.90-26.50 dark green/black sandstone (coarser siltstone) with chlorite and irregular silicious fractures locally.
Siltstone country rock for the next 2m is fine grey bedding parallel to core axis with minor quartz and fractures with iron staining.
Fresh rock (no iron staining) at 26.60 – 29.40m siltstone bedding parallel to bedding and core axis -45 degrees laminated with fine white layers of quartz.

NBR #15

Drilling commenced on this hole on 1st May 2009 and was completed on the same day. Designated site (D) the hole is located 150m east of the baseline (10 000mE) on the local grid cross line 10 100mN. It was inclined at -45 degrees and aimed at 050 aximuth and terminated at 23.50m inclined depth. The hole is the eastern most of 3 on the cross section 10 100mN cross line. Previous holes were NBR#3 at 10 000mE drilled in 2006 and NBR#7 at 10 082mE drilled on 3rd April 2009.

The hole was entirely within the oxidized zone (defined by the presence of iron staining) No core was recovered to 4m depth. From 4-8.10m various clay horizons, colour bands included orchre, lighter yellow, red-brown, grey , kharki, finally dark green – grey- black From 8.10-23.50 fresh country rock : siltstone, grey, with minor iron staining on fractures, white fine laminations locally some veining 1-3mm, most bedding parallel to the core axix.

There was no Ore Zone intercepted in this hole, apart from the iron stone nodules in the surface zone. The clay banding recorded above also could be considered within the ore zone as the yellow to kharki to red brown colours are after hematite traces. It is probable that this hole was collared at the very top of the foot wall edge of the dyke formation.

At surface, when clearing the pad for this hole along the track parallel to the baseline, it was noted that this track passed over the surface outcrop of the ironstone dyke. It is likely that at the drill collar, whilst pushed back as far as possible at the drill pad site, was still too close and in fact on top of the surface outcrop of the dyke.
When this pad preparation was done it was noted that the dyke at surface was crossed and the pad that was prepared as the furthest north (site C) 10150mN (which did not reach its intended location of 10 200mN) was in fact of no use as it was east of the outcrop.
When this became apparent during the clearing of the dense bush with the excavator, it was decided to prepare 2 further pads at 50m spacing either side of the NBR #15 (D) drill site, as alternate sites, but these were not used.

NBR #16

Drilling of this hole commenced on Saturday 2 May 2009 and was completed on the same day. This hole was designated (K) and is located 50m south of hole NBR #9 (J) and 100m north of NBR #6 (2006) all of which are located on the local grid baseline 10 000mE, on the southern side of the main magnetic anomaly area. This drill hole site and another 50m south of it were prepared after the completion of the drill hole NBR #9 just 50m where the rods were stuck, still in the ore zone. This hole was drilled last and is the southern most in the sequence of holes and was drilled after the completion of the northern most hole NBR #15 above. This hole NBR #16 was located at pegged station 9 450mN on the local grid just west of the baseline 10 000mE. Inclined at -45 degrees to 050 azimuth. It was terminated at 41.10m.

Black soil was encountered in the first 3 ½ m then a sequence of clays to 20.50m. The clays were a sequence of yellow, orchre, grey, green, red-brown after siltstone weathering and locally with siltstone measures, iron stone and siltstone nodules. The contact zone was at 20.50m siltstone with grey to red-brown with fine quartz veining.

The Ore Zone commenced at 20.80m and extended to 31.10m (ie 10.30m) of hematite. The first 2m being dark brown sub crystalline to 2mm and fiable, then 3 ½ m hematite dark brown, vuggy, silicious. Three more metres of hematite brown crystaline to 1-2mm. A 2½ metres of unconsolidated (ie loose) hematitic black-kharki sand ending with ironstone nodules.

Fresh country rock of siltstone to the end of the hole at 41.60m. The siltstone is light grey with bedding parallel to core axis with fine white laminations and 1-3mm veining locally. Iron staining and fractures decreasing with depth and cutting out at 40.6m being deemed the base of oxidation (ie no iron staining).

NBR #6

This hole was drilled in June 2006 over 5 day and no night shifts including 2 days of downtime because of a worn out bit and its replacement. The entire hole was HQ and was drilled by a different rig and operator to that used above. The hole was designed in 2006 to be drilled vertically to intersect sufficient fresh magnetite for a 50kg bulk sample for metallurgical testing purposes. The hole was located on top of the magnetite dyke outcrop just west of the baseline 10 000mE at the pegged northing station of 9 350mN local grid. The hole was drilled vertically to 33.50m, the base of the oxidized zone was intersected at 32.45m depth, where there was no more iron staining of the fresh siltstone country rock. For the purpose it was designed, the hole failed as the base of oxidation in this area was much deeper than anticipated as elsewhere it was as shallow as 8m. However for the current purpose this drill hole becomes a very valuable contributor to the data base for the current direct shipping ore drilling programme, as the hole is located 100m south of the previous hole NBR #16 (K) noted above.

The first 1 ½ m is surface clay and ironstone nodules some of which respond to a magnet. This is followed by a zone of white clay to 6.5m.

The Ore Zone starts at 6.5m with limonite-hematite vuggy, friable, porous in patches. 13.50 to 17.80 hematite semi to massive dark red brown with metallic lustre and locally breciated. From 17.80 clay with patches of massive hematite (19.30-19.40) and also nodules of iron stone.

The footwall contact zone appears at 20m with more clay sections grey-green coloured (after chlorite?), also white to red-brown and yellow patches. At 25-26.50m a skarn? rock with pervasive iron veining red-brown in a random pattern with a light green (tremolite ?) silicious matrix. Below this a coarser siltstone unit red brown semi bedded and with iron nodules and veins. Below this siltstone dark green (chlorite?) further down a massive quartz vein to 70mm thick. From 30.50m on siltstone grey with bedding 45 degrees to the core axis with fine quartz veining and minor Fe on fractures. Fresh (iron stained free) siltstone from 32.45 to the end of the hole at 33.50m.

HQ massive hematite from 2006 before splitting

NELSON BAY RIVER DRILLING SUMMARY

HOLE #	SITE	LOCAL GRID		UTS		MINERAL DEPTH			E Of H
		N	E	N	E	Fr	To	Length m	Depth M
7		10100	10082	5442419	310286	56.3	76.5	**20.2**	108.4
8		10200	10050	5442451	310209	94.6	107.7	**13.1**	125.5
9	J	9500	10000	5441910	310600	35.7	51.2	**15.5**	51.5
10	I	9600	10050	5441998	310587	6.9	22.6	**15.7**	26.5
11	H	9700	10050	5442067	310533				45.7
12	G	9800	10110	5442198	310515	5.0	14.5	**9.5**	19.0
13	F	9900	10100	5442291	310461	14.5	26.0	**11.5**	31.2
14	E	10000	10175	5442382	310425	8.5	23.9	**15.4**	29.4
15	D	10100	10150	5442466	310380				23.5
16	K	9450	9992	5441850	310648	20.8	31.1	**10.3**	41.1
6	2006	9350	9994	5441795	310700	6.5	17.8	**11.3**	33.5

POST DRILLING EVENTS

The drilling sites were cleaned up and all equipment removed including the water pump which had to be flown out by helicopter.

The filled core trays were carried out by crawler stacked on 2 pallets and tied down (shrink wrapped) in preparation for removal by a crane supported tray back truck from the end of the Wuthering Heights Spur 10 road to the depot of Stephen Gray Transport at Smithton from where they were transferred to Tas Freight at Latrobe to be forwarded on to the Mineral Resources Tasmania Core Shed at Mornington near Hobart.

The core was read by a (K9) magnetic susceptibility meter mainly in the ore zones of the deeper holes and in the entire hole for the short ones. Readings were noted on all the core log sheets directly. Five sample readings were taken about every 20cm over a 1 metre interval, these were averaged and noted as being representative of every 1m length of core. Some readings of magnetite rich rock were off scale (over 999) and this was noted

All the core trays were photographed, before any splitting. Each entire core tray was captured by a Cannon digital camera from above with natural light at different times of the day. Each tray had a small note prepared to show which hole, which core tray number and the depth interval of the tray. Samples of these are in the text above and below and the entire drill core (in trays) is appended as files on a compact disk.

The core was logged by the author of this report (and summary notes are above.) The detailed core logs are attached as appendix 1.

The mineralized sections of the core was flagged and noted and split by a diamond circular saw, bagged as 1m representative samples. These were further bulk bagged into 20kg strong poly woven bags, placed on a sked (small pallet) shrink wrapped with clear plastic wrap and taken to the Tas Freight Depot at Bridgewater to be road/sea transported to Perth for assay at the SGS Lakefield Laboratory in Malagna, Perth WA (an iron ore specialist laboratory). The table of assay results is reported in the text below (at p40).

Some of the remaining half and some whole core samples were selected for bulk density testing of their specific gravity. Results were noted and calculated and tabled in the text below (see p49 & p54) . The SG was transferred to the log sheets to the corresponding assay and magnetic susceptibility readings of the tested depth intervals for easy correlation.

Maps were prepared and this report was written up as a standard stand alone document.

CORE SAMPLES AS SENT TO THE SGS LAB

20kg bag		Sample Numbers			No of Samples
	1	40 101	to	40 109	9
	2	40 110		40 117	8
	3	40 118		40 126	9
	4	40 127		40 138	7
	5	40 134		40 154	21
	6	40 155		40 164	10
	7	40 165		40 190	26
	8	40 101		40 203	13
	9	40 204		40 225	22
	10	40 226		40 238	13
	11	40 239		40 243	5
	12	40 244		40 251	8
15kg	13	40 252		40 257	6
					157

Hole#	Start	Finish	Depth Interval M		N0. of Samples
# 7	40 101	40 122	55	77	23
# 8	40 123	40 136	94	108	14
# 9	40 137	40 151	35.5	50.5	15
# 10	41 152	40 168	5.5	22.6	17
# 11	40 169	40 172	35	39	4
# 12	40 173	40 189	0	17	17
# 13	40 190	40 200	15	26	11
# 14	40 201	40 215	9	24	15
# 15	40 216	40 223	0	8	7
#16	40 224	40 234	20.5	31.5	11
# 6	40 235	40 257	6.5	29.5	23
					157

DISCUSSION OF RESULTS

In General

This drilling was very successful, achieving several of the campaign aims.
The two long holes drilled were designed to test for further magnetite mineralization at depth and indeed found it. The holes were on the same section as 2 previous drill holes in 2006. They were planned to be spaced 100m apart but this could not be done in the field as the steepness of the terrain prevented the drill rig from being sited at this spacing. The hole separation (horizontally) was 82m (from NBR#3 to NBR#7 and 50m from NBR#4 to NBR#8. thus the inclined parallel separation of the holes was not the planned 70m but 60m and 33m respectively. Yet this spacing should still be enough to increase the JORC level of confidence in this main anomaly area from inferred to indicated status.
The short drill holes also achieved their aims and most came up with hematite mineralization.

The Long Holes

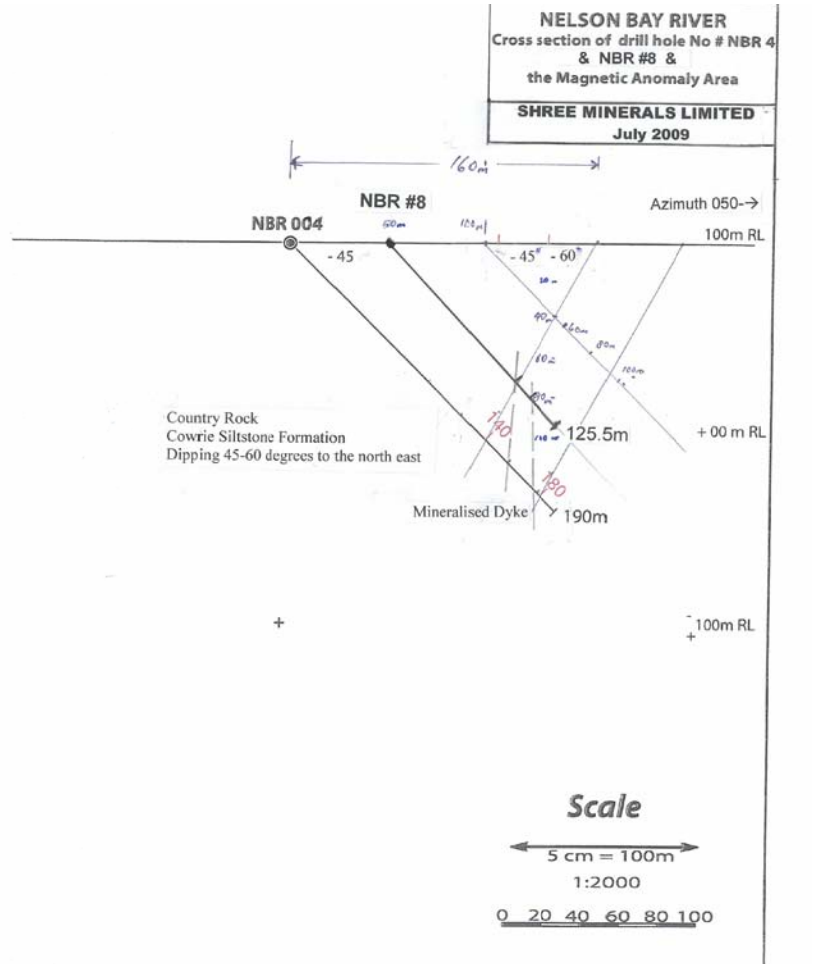
The first hole drilled NBR#7 was located in a dry creek valley at the base of the mineralized hill by the excavator. At the time the drill rig to be used was not seen. If its configuration was known then the excavator would have been instructed to dig out some space out of the hill side to accommodate the drill rod parking bay which would have meant the collar could have been sited as much as 10m closer to the target and away from the lowest point in the gully. The terrain was so steep that the excavator had trouble getting up the access hill to the site. By contrast the second hole, NBR#8 was drilled on the cliff top, the risk of getting closer to the target was not taken because the steepness of the terrain would have caused real problems for getting down and up the hillside. Thus the placing of the drill sites was one of safety and convenience sacrificing a closer location to the preferred drilling collar site.

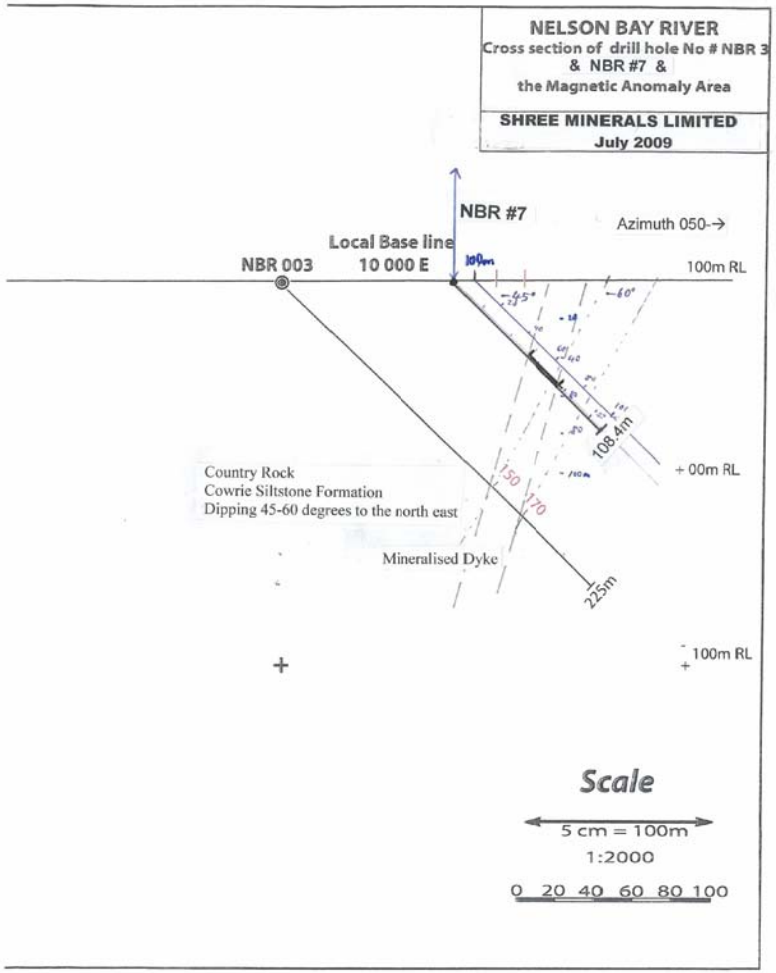
It is disappointing that the drillers only had stale fixing fluid for the down hole camera orientation shots. The drillers didn’t get any readable results on this hole. The second crew attempted a shot at 62m inclined depth and recovered only a -42 degree dip angle. The azimuth was not readable. At the end of hole at 125.50m two separate attempts were made to get a camera shot and both failed to supply any readings. If fresh fixing fluid had been available there may have been a readable result. This point was made clear to the drill crew. It was overlooked as an essential item as this rig had not been used since November 2008 some 5 months previously. This lack of use could have been a contributing factor for a hydraulic and mechanical failure that was to happen soon after. The dip at -42 may or not have changed either way to the end of hole. Lack of definitive information is not critical at this stage as the dip and strike of the host rock -45 to the east and the ore bearing target dyke -60 to the west was already known. No further holes were surveyed as there was no fresh fluid and all holes being so shallow were presumed to have little deviation of their direction at -45 inclination to 050 azimuth bearing.

The drillers were told the 100m estimated length of these holes in advance. This is a relatively short distance for a potential long hole such as 500m + (the AD 900 steel track mounted rig of 6-7t weight is capable of drilling to 1200-1500m depth (presumably BQ). Thus to save on costs the drillers changed to NQ rods at a relatively shallow depth of 24.30m and 18m depths. All the shallow holes were drilled in NQ sized rods.

Core recovery varied according to the position in and hence depth of the hole. Near surface recovery was mostly very poor and returned little useful information. Some soil was recovered, mainly ironstone nodules and often many metres of clay, although a lot of that was washed out and not recovered. Where fresher rocks were encountered the core recovery was generally good. Close to surface the siltstone country rock was often weak and fractured and brecciated with moderate recovery. In the deeper holes the contact zone recovery was good and the magnetite mineralized zone was very good with solid core barrels of 100% core recovery. Only in the weaker fractured contact alteration zones was recovery once again less than 100% (see logs for details). In the shorter holes there was a similar story except that there was no magnetite but the weathered hematite intersections were mainly quite good in their core recovery. Thus with ore intersections returned in the core the core recovery overall of all the drilling can be considered good. (See core logs appended for details).

The magnetite mineralized zone in drill hole NBR#7 was intersected at 56.3m inclined depth and exited at 76.5m a 20m+ intersection of magnetite rich zone varying from 33-75% by volume in concentration, a further 4 magnetite rich stringers were noted at 93-94m (ie 1m thick) ; 98.1-98.4m (ie 30cm thick band); 99.50-100.50m (ie 1m thick band) and 103.60-103.70m (ie 10cm thick band). Thus these additional mineralized bands total 2.40m thick of mineralization for a total of 22.60 of mineralized rock indicating an ore zone extending from 56.3m to 103.7m an inclined thickness of 47.50m potential ore horizon.
The magnetite mineralized zone in drill hole NBR#8 was intersected at 94.6m to 107.7m ie a thickness of 13.1m in the main mineralized section. Additional magnetite stringers were noted at 113.4m (0.4m thick) and 120.2 (0.50m thick). These 2 stringers totaled almost 1m thick bringing the total mineralized thickness to 14m and the mineralised ore zone in this hole from 94.6 to 120.7m a total of 26.10m inclined intersection of potential ore horizon.
Note the mineralized sections at 56.3-103.7 (47.50m) in hole #7 and 94.6-120.7m (26.10m) in hole #8 are different thicknesses at differing depths. On a topographic basis the mineralized commencement difference (94.6-56.3m) is 38.30m of height difference. is accountable by the topographic elevation difference of the 2 drill hole collar sites. Hole #7 was in a gully floor whilst hole #8 was on a cliff edge topographic high estimated at 30m elevation above hole #7. GPS readings were taken being 70 and 100m above sea level but these are rough figures as the GSP unit used (Garvan 76) gave various readings at each site and was not stabilized for any length of time to give an accurate or reliable reading hence this is an estimate only. Similarly GPS readings of drill site collars also varied from day to day and times some up to several metres, hence the GPS co ordinates taken for the hole collars are only accurate to within about 10m.


NELSON BAY RIVER
Cross section of drill hole No # NBR 4
& NBR #8 &
the Magnetic Anomaly Area
SHREE MINERALS LIMITED
July 2009
160m
NBR #8
NBR 004
Azimuth 050-→
100m RL
- 45
- 45°
- 60°
Country Rock
Cowrie Siltstone Formation
Dipping 45-60 degrees to the north east
125.5m
+ 00 m RL
Mineralised Dyke
190m
100m RL
Scale
5 cm = 100m
1:2000
0 20 40 60 80 100


NELSON BAY RIVER
Cross section of drill hole No # NBR 3
& NBR #7 &
the Magnetic Anomaly Area
SHREE MINERALS LIMITED
July 2009
NBR #7
Azimuth 050-→
Local Base line
10 000 E
NBR 003
100m RL
Country Rock
Cowrie Siltstone Formation
Dipping 45-60 degrees to the north east
108.4m
+ 00m RL
Mineralised Dyke
225m
100m RL
Scale
5 cm = 100m
1:2000
0 20 40 60 80 100

The magnetite is fresh black and cubic crystals mainly but locally in massive granular chunks. Associated mineralogy is believed to be tremolite (from the amphibole mafics suite) and calcite (and locally some siderite) from the carbonate suite. Pink mineralization noted in several places is believed to be one of the garnet suite.
Petrography studies of some of the mineralized sections could throw further light on this and add or change the mineralogy composition of the rocks and a future addendum note to this report maybe necessary.

The Short Holes
The plan was to mobilize from the farthest north (long) hole to start the short hole program from the furthest south site heading north along the west side of the mineralized outcrop following the cliff. The aim of this drilling was to drill -45 degree inclined holes as close to the surface outcrop as possible to intersect and drill through the mineralized dyke and test it for its hematite mineralization close to surface.
First hole drilled was NBR#9 (site J) and located on the baseline at 9 500mN local grid ie it was then the southern most drill hole. It was also the most difficult as it was aborted at 51.2m inclined depth owing to the NQ rods being stuck. The drillers think sand and broken rock fell into the gap between the rods and the wall of the drill hole preventing the retrieval of the NQ drill rods. Attempts were made to ream (over drill) with larger HQ rods and when this failed reaming with PQ rods was attempted. Continuous shock rod spinning with direction changes and head lifting etc caused a bursting of one of the rubber hydraulic power drive hoses. The replacement of this hose took a day of downtime then the drive head exploded under the constant pressure and direction changes. The drill head needed major repairs (chuck gripper flanges and bolt welding and or replacement) which could only be carried out at Zeehan and Queenstown. The down time was a further week.
The NBR#9 (J) hole intersected hematite at 35.7m and was still in mineralization at 51.2m when the hole was terminated. This is 15.5m of non magnetic iron mineralization. Only at surface were some of the ironstone nodules found, magnetic. There was no magnetite found in the core and there was no magnetism found in the magnetic susceptibility (K9 meter) readings. The hematite was massive dense dark red-brown and also present is the rusty kharki porous friable type. Patches of sand were noted with severe core loss (cause of stuck rods?) Despite the loss of rods and time delay the hole gave good encouragement for the likely success of further drill holes in this campaign.

Next hole drilled was NBR#10 (site I) located on line 9600mN on the cliff edge where the water pump line came up from the river. This hole intersected 15.7m of hematite mineralization from near surface at 6.9m to 22.6m. Again the upper mineralization was massive and dark red brown with several bands of the porous “rusty” type below.

NBR#11 (H) is located at 9700mN only 50m east of the baseline and probably too far west of the cliff as this hole did not report a distinct hematite horizon, core loss was noted and only 4m of the lower section was assayed. This was an iron rich section of altered siltstone. The drill hole description above suggests reasons no mineralisation was found, most likely being that the target was not reached \ /.

NBR#12 (G) at 9800mN was drilled very close to the cliff edge and reported hematite from surface to 14.5m. This is not surprising as the collar was very close (<10m from ironstone outcrop). This hole was terminated in fresh rock at 19m and would have been better sited 10-15m further away from the cliff.

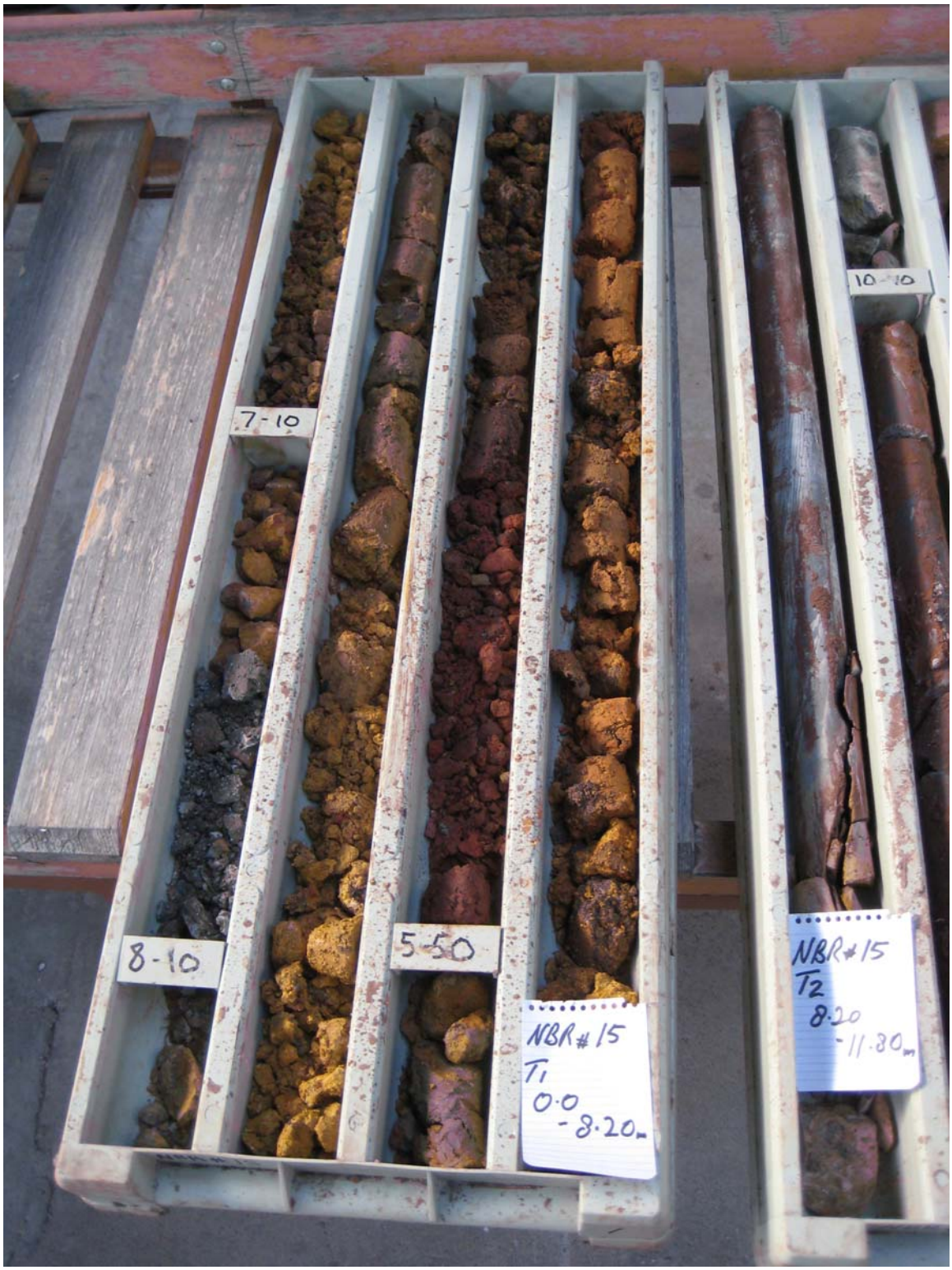
NBR#13 (F) at 9900mN was drilled in the best location (according to the model) of 100m east of the baseline and far enough away from the out crop to give a good "clean" intersection from country to country rock through the contact zones and the complete mineralized zone. This it did in the proposed in 31.2m of the proposed 30m model.
In addition the hole is 100m south of the peak of the magnetic anomaly and this too showed in the core return. The first 14.50m was through ironstone nodules (magnetic) some siltstone and clay then the 11.5m of iron mineralization which was a sequence of magnetite and hematite horizons. See core logs for details. Assays, magnetic susceptibility readings and specific gravity readings all support the "banded" ironstones dominated by magnetite rich sections at 40% hematite at 33% others 25%. This result is very interesting as it shows the first time the strong appearance of magnetite near surface and yet also the strong presence of hematite.

One interpretation possible is that there are 2 discrete iron ore bodies present at NBR. A magnetite rich deeper ore zone and a shallow hematite rich ore zone the later being derived from a weathered ie oxidized pyrite rich zone formally present at the injection stage of the ore zone. Pyrite is present in most of the core and could easily have been accumulated in massive zones which were oxidized to hematite, in the presence of abundant water and time, say Cambrian aged hydrothermal activity injecting into Proterozoic aged siltstone country rock.

NBR#14 (E) at 10 000mN and just 10m down hill from the start of the ironstone outcrop over the crest of the hill top. This hole was collared on top of the peak of the main magnetic anomaly and was the 3th hole drilled into this target (after NB401 & NBR#01). The hole was 175m east of the baseline and 75 m east of the collar of NB401.
The hole was spudded on magnetite rich scree and float no core was recovered until 5m which was already in mineralization albeit non and magnetic ironstone nodules. Surprisingly most (if not all) of the ore zone 8.5m to 23.9m (15.4m thick) was hematite rich with only thin local spiking of magnetite This finding is supported by the magnetic susceptibility readings and to a lesser extent the assay results. Mag sus was relatively low yet magnetite present, iron assays high but not as high as in hematite only core elsewhere. It is likely a better (thicker and better defined ore zones) would have been recorded if the hole was a further 15-25m down hill and further away from surface mineralization.

NBR#15 (D) at 10 100mN and 150m east of the baseline was also the 3rd hole drilled along this cross section (after NBR#3 & NBR#7) This hole cored mainly clays and fresh siltstone was reached at 8.10m and until terminated at 23.5m The drill pad was sited just west of the top of the hill on gently sloping ground before it steepened. It was sited on the eastern most side of the mineralized outcrop. The collar was placed as far west on the pad as was possible yet this wasn't far enough and resulted in only clay recovery then fresh siltstone. Despite surface ironstone and core loss to 4m the recovered clays was a colourful display of yellows, red, browns, grey and green. This range of colours is clay alteration products after the assorted minerals found fresh in the holes drilled west of it. The hole was too far east and drilled through the lower contact (skarn) zone and therefore failed to recovery any iron mineralization. A better result would most likely have been to drill on the pad prepared 50m south of this site. This extra pad was prepared when it became apparent with site (C) at 10 150 (50m short of the proposed location at 10 200mN local grid location) owing to the steep fall of the hill slope and that the surface mineralized outcrop had been crossed over therefore drilling site (C) would be fruitless. Sampling was carried out over the 8.10m of recovered core including nominal samples of the above 5.5m of float that was recovered from 5.5 to surface. The results table in the core logs reflects this and the core is visible in the collection of photos appended and the single photo below on the next page. Below is the steep site looking south west.

NBR#15 pad prior drilling. Note flags to line up direction & ironstone float foreground



Surface top right to the note then top to bottom leftwards. Photographed before sampled.

NBR#16 (K) at 9450mN is located on the baseline and is the furthest south hole drilled in 2009. The pad site was prepared (along with 1 other) after the drill site adjacent and 50m north (NBR#9 site J at 9500mN) was abandoned in mineralization with stuck rods at 52m The hole was well justified as a 10.30m intersection of hematite with assays of 65% iron.

NBR #6 (2006). This hole drilled 3 years ago in June 2006 was terminated at 33.50m vertical depth. It was drilled with HQ rods for a sampling purpose but is highly relevant in the 2009 short hole drilling campaign as the hole is on the baseline (10 000mE) at 9350mN) pegged station. The hole was sited in May 2006 on top of strongly magnetic ironstone float boulders. A total of 11.3m of iron rich mineralization was intersected from 6.5 to 17.80m This was supported by good assays and weak magnetic sus readings. What is intriguing is that all the mineralization is hematite with no magnetite recorded yet plenty of magnetite at surface in ironstone float boulders. This further supports the idea that the surface zone is hematite rich and in this southern area (between magnetic anomalies) is magnetite poor either a thinning of the magnetite rich dyke or magnetite is deeper and further from surface hence not easily recorded in the geophysical surveys.

It is likely that the hematite extends further south with out an accompanying shallow magnetite signature as the next magnetic anomaly is some 1100m further south. This concept will need to be tested.

NBR#6 Core deepens from top left to bottom right. Hematite of the “rusty” type.
A summary of the hematite mineralization is shown in the following table.

NBR Summary of Hematite Mineralisation

HOLE #	SITE	LOCAL GRID		UTS		MINERAL DEPTH			E Of H
		N	E	N	E	Fr	To	Length m	Depth M
7		10100	10082	5442419	310286	56.3	76.5	**20.2**	108.4
8		10200	10050	5442451	310209	94.6	107.7	**13.1**	125.5
9	J	9500	10000	5441910	310600	35.7	51.2	**15.5**	51.5
10	I	9600	10050	5441998	310587	6.9	22.6	**15.7**	26.5
11	H	9700	10050	5442067	310533				45.7
12	G	9800	10110	5442198	310515	5.0	14.5	**9.5**	19.0
13	F	9900	10100	5442291	310461	14.5	26.0	**11.5**	31.2
14	E	10000	10175	5442382	310425	8.5	23.9	**15.4**	29.4
15	D	10100	10150	5442466	310380				23.5
16	K	9450	9992	5441850	310648	20.8	31.1	**10.3**	41.1
6	2006	9350	9994	5441795	310700	6.5	17.8	**11.3**	33.5

Assays 40

The samples were collected after logging, mag sus readings and SG determinations. The core was bagged in 1m interval samples and noted (see table p29 and core logs). These samples were then placed in a poly woven plastic bags to a total weight of 20kg for each of 12 bags with the 13th at 15kg. These were wrapped on a small pallet and sent to SGS Lakefield Laboratory at Malagna near Perth WA for total iron assay. The results were returned in table form of iron % plus a suite of items relevant to iron ore metallurgy.

SGS

10451. Head Assays NELSON BAY RIVER DRILLING APRIL-MAY 2009

Sample ID	Sample Number	Fe %	SiO_2 %	Al_2O_3 %	P %	CaO %	MgO %	S %	Mn %	TiO_2 %	Na_2O %	K_2O %	LOI %	Depth m	Hole No. Site
40101	10451/40101	19.7	37.40	4.81	0.014	0.47	4.22	0.213	4.67	0.28	0.11	0.43	17.70	55	NBR#7
40102	10451/40102	36.5	26.20	1.94	0.014	0.21	3.82	0.193	2.11	0.10	<0.01	0.08	12.60	56	
40103	10451/40103	41.2	25.10	0.08	<0.005	0.21	2.58	0.213	2.54	<0.01	<0.01	0.02	9.44	57	
40104	10451/40104	47.8	16.20	0.32	0.030	0.27	1.32	0.112	2.20	0.11	<0.01	<0.01	10.50	58	
40105	10451/40105	17.7	39.60	6.15	0.460	1.65	8.17	0.216	1.31	3.03	0.01	0.38	11.70	59	
40106	10451/40106	40.5	24.30	1.12	0.083	0.39	3.09	0.563	1.76	0.50	<0.01	0.09	9.52	60	
40107	10451/40107	43.0	17.60	0.79	0.033	0.37	1.62	1.070	2.48	0.14	<0.01	<0.01	14.70	61	
40108	10451/40108	41.5	15.70	0.07	0.024	0.39	1.11	2.080	3.77	<0.01	<0.01	<0.01	18.10	62	
40109	10451/40109	47.4	15.10	0.06	0.011	0.22	0.69	0.082	2.52	<0.01	<0.01	<0.01	12.90	63	
40110	10451/40110	42.8	20.90	0.06	0.007	0.16	1.77	0.035	2.73	<0.01	<0.01	0.02	11.80	64	
40111	10451/40111	49.1	17.50	0.08	0.009	0.11	0.75	0.107	1.76	<0.01	<0.01	0.01	9.41	65	
40112	10451/40112	26.8	31.00	13.90	0.022	0.89	2.94	0.075	4.80	0.26	0.02	0.22	6.20	66	
40113	10451/40113	28.9	30.50	16.00	0.044	0.13	3.96	0.020	1.08	0.38	0.13	0.65	5.65	67	
40114	10451/40114	15.6	57.30	9.48	0.019	0.15	1.80	0.087	1.25	0.20	0.09	1.39	5.50	68	
40115	10451/40115	27.6	32.90	9.61	0.020	0.52	3.27	0.181	3.55	0.21	0.05	0.47	8.99	69	
40116	10451/40116	50.8	16.70	0.92	0.008	0.14	1.70	0.211	1.45	0.03	0.02	0.07	5.66	70	
40117	10451/40117	48.5	18.10	0.06	0.010	0.19	1.25	0.310	1.90	<0.01	<0.01	<0.01	8.07	71	
40118	10451/40118	39.2	21.10	0.05	0.015	0.44	1.67	2.580	3.65	<0.01	<0.01	<0.01	15.20	72	
40119	10451/40119	40.9	18.70	0.05	0.013	0.52	1.95	2.510	3.99	<0.01	<0.01	0.01	14.20	73	
40120	10451/40120	42.6	18.10	0.12	0.014	0.39	2.09	1.350	3.70	0.01	<0.01	<0.01	13.00	74	
40120	*REP-10451/40120	42.6	18.10	0.12	0.014	0.39	2.09	1.300	3.70	0.01	<0.01	<0.01	13.00		
40121	10451/40121	48.7	17.70	0.71	0.006	0.12	2.29	1.060	1.29	0.03	0.02	<0.01	7.06	75	
40122	10451/40122	19.2	58.80	0.71	0.007	0.14	1.09	2.390	1.01	0.05	0.04	0.07	9.83	76	
40123	10451/40123	20.9	37.50	4.05	0.126	4.44	6.04	0.488	1.87	0.73	0.03	0.28	12.70	94	NBR#8
40124	10451/40124	36.6	34.90	0.07	<0.005	0.13	4.51	0.041	1.72	<0.01	0.04	0.03	5.59	95	
40125	10451/40125	40.2	33.70	0.07	<0.005	0.12	3.00	0.094	1.40	<0.01	0.02	0.02	3.86	96	
40126	10451/40126	42.0	23.80	0.05	0.020	0.32	2.47	0.563	2.39	<0.01	0.01	0.02	9.79	97	
40127	10451/40127	50.1	14.20	4.39	0.009	0.16	3.06	0.530	1.05	0.17	0.05	0.18	4.40	98	
40128	10451/40128	44.2	22.10	1.50	0.010	0.21	2.92	1.440	1.79	0.08	0.04	0.12	7.75	99	
40129	10451/40129	39.8	26.40	2.58	0.012	0.23	3.20	0.593	1.76	0.12	0.04	0.19	7.82	100	
40130	10451/40130	38.3	27.50	1.34	0.166	0.70	2.90	0.526	2.12	0.05	0.01	0.06	8.03	101	
40131	10451/40131	41.7	26.20	0.85	0.009	0.14	1.28	2.170	1.25	0.06	0.03	0.04	10.20	102	
40132	10451/40132	40.1	29.10	0.11	0.005	0.20	3.25	0.126	2.19	0.03	0.02	0.04	6.86	103	
40133	10451/40133	38.2	30.20	0.20	0.005	0.22	2.81	1.790	2.04	0.01	0.03	0.04	9.02	104	
40134	10451/40134	40.6	22.40	2.54	0.009	0.23	1.94	3.830	1.31	0.11	0.03	0.06	12.30	105	
40135	10451/40135	32.3	29.50	0.96	0.015	0.28	2.18	2.960	2.17	0.05	<0.01	0.03	17.30	106	
40136	10451/40136	10.1	61.30	12.60	0.050	0.68	1.64	0.215	2.15	0.39	0.06	2.14	3.46	107	

In the long hole NBR#7 the % iron content of the magnetite rich mineralized intersection from 56-76m was mostly in the high fourties. This is quite a good result for this hole as it is based mainly on magnetite Fe3O4 which generally returns assays lower than that for hematite Fe2O3. The ore horizon is also closer to surface in this hole which could suggest a lessening concentration of magnetite in the closer to surface reaches of the dyke. Assays from the mineralized section of NBR#3 (2006) 148-165m depth are recorded in the high sixties but these are not directly comparable as the 2006 results were from Davis Role Tube assay procedures which concentrated the magnetite. The NBR#001 hole drilled in 2000 is comparable as results from this hole were also around the 50% mark in the 199-228m depth mineralized zone.

Similar results were returned for NBR#8 with % iron assays of the 95-108m depth 41 mineralized zone (13.10m) being in the low fourties. This result is not easily comparable with any other drill hole as the corresponding section hole (NBR#4) of 2006 was also a result for Davis Role Tube analysis and the % range was in the high sixties. Since this hole was a further100m north of Hole #3 and about 200m north of NBR#01 of 2000 yet the results are in the same "ball park" range of these holes in the forties

40137	10451/40137	23.0	45.50	12.70	0.140	0.02	0.16	0.026	0.02	0.52	0.07	1.41	6.06	35	NBR#9
40138	10451/40138	58.2	8.46	0.35	0.227	0.01	0.06	0.025	0.07	0.02	<0.01	<0.01	6.99	36	J
40139	10451/40139	59.9	6.19	2.73	0.188	<0.01	0.09	0.009	0.03	0.12	0.01	0.01	4.58	37	
40139	*REP-10451/40139	60.0	6.21	2.74	0.188	<0.01	0.09	0.010	0.03	0.12	0.02	0.01	4.58		
40140	10451/40140	64.4	1.55	0.73	0.068	<0.01	0.02	0.010	0.03	0.02	0.02	<0.01	5.12	38	
Sample ID	Sample Number	Fe %	SiO_2 %	Al_2O_3 %	P %	CaO %	MgO %	S %	Mn %	TiO_2 %	Na_2O %	K_2O %	LOI %	Depth m	Hole No. Site
40141	10451/40141	63.6	2.20	0.36	0.052	<0.01	0.02	0.017	0.03	<0.01	0.02	<0.01	6.51	39	
40142	10451/40142	62.8	1.39	0.36	0.037	<0.01	0.01	0.021	0.03	<0.01	<0.01	<0.01	8.27	40	NBR#9
40143	10451/40143	61.1	6.27	1.06	0.053	<0.01	0.04	0.031	0.04	0.06	<0.01	0.06	4.97	41	J
40144	10451/40144	42.0	32.60	2.77	0.036	0.02	0.14	0.064	0.09	0.28	0.02	0.26	3.22	42	
40145	10451/40145	51.9	18.80	2.33	0.055	0.04	0.08	0.066	0.25	0.18	0.01	0.13	3.29	43	
40146	10451/40146	64.5	2.08	0.67	0.062	<0.01	0.01	0.052	0.03	0.01	0.02	<0.01	4.52	44	
40147	10451/40147	66.3	0.81	0.28	0.039	<0.01	0.02	0.011	0.03	<0.01	<0.01	<0.01	3.62	45	
40148	10451/40148	67.6	0.68	0.28	0.035	<0.01	0.02	0.010	0.03	<0.01	<0.01	<0.01	2.66	46	
40149	10451/40149	46.7	26.10	1.01	0.089	<0.01	0.04	0.018	0.04	0.03	0.02	0.18	5.37	47	
40150	10451/40150	36.0	41.10	1.72	0.057	<0.01	0.06	0.013	0.04	0.05	0.02	0.34	5.07	48	
40151	10451/40151	15.5	72.70	1.26	0.040	<0.01	0.06	0.012	0.04	0.03	0.03	0.28	3.08	49	
40152	10451/40152	54.8	5.41	6.12	0.029	<0.01	0.01	0.202	<0.01	0.15	0.02	<0.01	10.10	5	NBR#10
40153	10451/40153	59.5	5.11	2.91	0.060	<0.01	0.02	0.065	0.03	0.09	0.02	0.02	6.58	6	I
40153	*REP-10451/40153	59.5	5.15	2.91	0.060	<0.01	0.02	0.063	0.03	0.10	0.02	0.01	6.58		
40154	10451/40154	57.0	10.20	0.62	0.062	<0.01	0.02	0.027	0.10	0.02	0.01	<0.01	7.42	7	
40155	10451/40155	60.0	6.19	0.39	0.063	<0.01	0.03	0.016	0.19	<0.01	0.02	<0.01	7.22	8	
40156	10451/40156	57.8	9.33	0.54	0.039	<0.01	0.02	0.051	0.12	<0.01	0.01	<0.01	7.36	9	
40157	10451/40157	58.4	8.03	0.47	0.042	<0.01	0.02	0.046	0.11	<0.01	0.02	<0.01	7.96	10	
40158	10451/40158	55.3	15.30	0.17	0.034	<0.01	0.01	0.008	0.04	<0.01	0.02	<0.01	5.68	11	
40159	10451/40159	55.9	12.40	0.22	0.056	<0.01	0.01	0.008	0.02	<0.01	<0.01	<0.01	7.48	12	
40160	10451/40160	43.5	27.60	0.68	0.099	<0.01	0.01	0.013	0.03	<0.01	0.01	<0.01	8.96	13	
40161	10451/40161	45.7	25.50	0.29	0.089	<0.01	<0.01	0.012	0.02	<0.01	<0.01	<0.01	8.28	14	
40162	10451/40162	39.8	35.80	0.25	0.061	<0.01	<0.01	0.014	<0.01	<0.01	0.01	<0.01	6.60	15	
40163	10451/40163	37.1	40.10	0.20	0.062	<0.01	<0.01	0.015	0.01	<0.01	<0.01	<0.01	6.36	16	
40164	10451/40164	46.6	25.10	0.16	0.076	<0.01	<0.01	0.010	0.02	<0.01	<0.01	<0.01	7.70	17	
40165	10451/40165	38.1	38.60	0.37	0.069	<0.01	<0.01	0.028	0.01	<0.01	0.01	<0.01	6.06	18	
40166	10451/40166	36.9	40.10	0.56	0.063	<0.01	<0.01	0.068	0.01	<0.01	0.01	<0.01	6.23	19	
40167	10451/40167	34.4	46.60	0.36	0.044	<0.01	<0.01	0.065	<0.01	<0.01	0.02	<0.01	3.76	20	
40168	10451/40168	39.2	39.20	0.42	0.054	<0.01	0.01	0.020	0.01	0.01	0.01	<0.01	4.07	21	
40169	10451/40169	35.5	26.50	12.20	0.039	0.06	0.16	0.081	0.35	0.31	0.02	0.79	8.43	35	NBR#11
40170	10451/40170	47.1	27.40	0.28	0.047	0.01	0.02	0.010	0.03	<0.01	0.02	<0.01	4.67	36	H
40171	10451/40171	44.0	32.00	0.35	0.069	<0.01	0.02	<0.005	0.02	<0.01	0.01	<0.01	4.33	37	
40172	10451/40172	27.8	51.70	3.93	0.049	0.02	0.05	0.008	0.02	0.21	0.01	0.02	3.93	38	
40173	10451/40173	21.8	30.90	23.40	0.008	<0.01	0.04	0.128	0.14	0.79	0.03	0.03	13.50	0	NBR#12
40174	10451/40174	37.8	16.60	17.20	0.011	<0.01	0.03	0.229	0.04	0.41	<0.01	0.04	11.30	1	G
40175	10451/40175	25.3	39.00	15.60	0.027	<0.01	0.05	0.079	0.02	0.27	<0.01	0.06	8.49	2	
40176	10451/40176	44.5	33.20	0.70	0.015	<0.01	0.03	0.026	0.02	<0.01	<0.01	0.01	2.07	3	
40177	10451/40177	50.0	24.30	0.63	0.020	<0.01	0.02	0.024	0.06	<0.01	0.02	0.01	3.50	4	
40178	10451/40178	41.3	35.70	0.59	0.021	<0.01	0.03	0.039	0.03	<0.01	0.02	<0.01	4.29	5	
40179	10451/40179	32.9	46.80	0.66	0.021	0.01	0.03	0.054	0.04	<0.01	<0.01	<0.01	5.10	6	
40180	10451/40180	39.0	38.10	0.56	0.019	<0.01	0.02	0.033	0.03	<0.01	0.01	<0.01	5.16	7	
Sample ID	Sample Number	Fe %	SiO_2 %	Al_2O_3 %	P %	CaO %	MgO %	S %	Mn %	TiO_2 %	Na_2O %	K_2O %	LOI %	Depth m	Hole No. Site
40181	10451/40181	55.9	12.10	0.64	0.023	<0.01	0.01	0.038	0.15	<0.01	0.02	<0.01	7.04	8	
40182	10451/40182	57.4	10.60	0.20	0.019	<0.01	0.02	0.025	0.13	<0.01	0.02	<0.01	6.92	9	NBR#12
40182	*REP-10451/40182	57.4	10.60	0.19	0.018	<0.01	0.01	0.020	0.13	<0.01	0.02	<0.01	6.98		G
40183	10451/40183	58.6	9.14	0.25	0.021	0.01	0.02	0.024	0.10	<0.01	0.02	<0.01	6.60	10	
40184	10451/40184	43.6	32.10	0.49	0.016	<0.01	0.02	0.029	0.08	<0.01	0.02	<0.01	4.86	11	
40185	10451/40185	45.3	30.30	0.26	0.015	<0.01	0.03	0.015	0.06	<0.01	0.02	<0.01	4.30	12	
40186	10451/40186	16.0	68.80	4.18	0.011	0.01	0.03	0.045	0.04	0.27	0.03	0.07	3.35	13	
40187	10451/40187	20.3	35.40	19.00	0.015	0.02	0.61	0.072	2.15	1.08	0.04	0.33	10.90	14	
40188	10451/40188	22.8	30.70	20.90	0.016	0.02	1.67	0.028	0.90	1.18	0.04	1.04	10.10	15	
40189	10451/40189	8.7	61.80	15.70	0.020	0.02	0.59	0.017	0.25	0.70	0.08	2.78	5.11	16	

The first of these holes NBR#9 (J) was the southern most hole at the start and very successful as it intersected a 15.5m mineralized intersection form 35.5m to 51.2m (end of hole). The hole drilling would have continued until out of mineralization (probably not much deeper) if the rods did not get stuck. The assays above show iron content mostly over 60% for almost the entire section. 37m was 60% with a high of almost 68% at 46m depth (inclined at 45 degrees) The assays relate directly to the semi-massive hematite zones found in the core (see core logs) for correlation and the assays tables above.

The next hole was the first of the cliff sequence (sites I to D see map p14). NBR#10 (I) 8m of results over 50% Fe and all of these were over 55% most near 60%. This hole had mineralization near surface and may have had a wider mineralized zone if it had been drilled a further 10-20m away from the cliff. No magnetite was found.

Hole NBR#11 (H) did not not intersect hematite in the core (see discussion above) Only 4m were sent for assay being 35-38m deep and returning 28-47% Fe from a ferruginous siltstone in close proximity to pyrite rich veining.

Hole #12 (G) was also drilled too close to the cliff top edge (an surface mineralization). Hematite was intersected very close to surface at 5m depth and to 13m (an 8m intersection) with assays ranging from 32.9 to 58.6% three of these (8-10m inc) in the high fifties.

Hole #13 (F) located at 9900mN local grid was probably the ideal hole in that it was neither to close or too far from the mineralized cliff. The hole presented surface zone a country rock pre contact zone, a contact alteration zone, a mineralized zone a lower contact zone and a fresh rock exit zone all in 30m of 45 degree inclined drilling. Assay sampling was from 15 to 25m (11 samples) in the ore zone which alternated between magnetite and hematite rich zones with the former predominating (see discussion above) Within this 11m sample zone Fe % assays ranged from 33.0 (only low value) to 57.1 high, Three low fourties and two almost 50 and four in the mid 50's. The lower assay results (in the 40's) were the magnetite rich bands whilst the higher results (in the 50's) were from the hematite bands. The area is where the main magnetic anomaly (and surface magnetic ironstones) starts to become stronger and more evident.

Hole #14 (E) The hole east of the diamond holes #1 & 401 on 10 000mN local grid and sitting on top of the magnetic anomaly and with the widest (10m+) cross section of 44 surface ironstone outcrop. This hole also collared too close to surface mineralization (see discussion above) and was into ironstone at surface. The hematite rich zone was reflected in the assay results from 11m down to 22m an 11m intersection. The values returned were from 42.8% to 59.8% with 5 in the low 50's and 3 in the high 50's. The general lower levels thus suggested a stronger presence of magnetite over hematite. Yet the core looked mostly like hematite although the highest assay value at 59.8% Fe at 17m had a corresponding very high (+999) magnetic sus meter reading and was reported as semi to

massive dense dark brown to black locally crystalline ie magnetite. Core recovery was generally poor with wash outs, much fracturing, some clays and core loss. Photo below.

Hole # 15 (D) This was the last and furthest north in the cliff edge sequence of holes. It is located at 10100mN and 10 150mE and was sited right on top of the northern side of the surface mineralized outcrop. The hole intersected a series of clays after the footwall contact zone of the dyke and reported only 2 assays around 40% Fe in the soil horizon at 3 & 4m depth and most likely these were ironstone nodules. The hole was terminated with out any significant iron returns and should have been set back some 20-30m. See photo and discussion in the drilling section of this report above.

The Hole NBR# 16 (designated site K) pad was prepared after the exit from the first hole #9 (J) in the short hole sequence in the south. Because of hole #9 (J) ‘s substantial 12m+ hematite intersections (and aborted in mineralization) it was decided to drill a further hole 50m south at the baseline location 9450mN peg. This hole was also drilled at 45 degrees to 050 as were all the others and was the last hole to be drilled in the April-May period. The core log records 10+m of hematite mineralization intersected from 20 to 30m of inclined depth. The assay return was the best of all the holes drilled in the period.
The first assay of 37.2% Fe was from the contact zone of ferruginous siltstone the other 10m intervals all assayed from 58.4% to 66.1% with most in the mid 60’s. an excellent result and overwhelmingly justified the site being drilled. A further drill pad site was prepared 50m south of this pad but was not used. Maybe in the next round of drilling.

Sample ID	Sample Number	Fe %	SiO_2 %	Al_2O_3 %	P %	CaO %	MgO %	S %	Mn %	TiO_2 %	Na_2O %	K_2O %	LOI %	Depth m	Hole No. Site
40216	10451/40216	23.6	36.70	17.60	0.016	0.03	0.08	0.183	0.19	0.35	0.02	0.18	10.70	0	NBR#15 D
40216	*REP:10451/40216	23.6	36.70	17.50	0.016	0.03	0.08	0.182	0.19	0.35	0.01	0.18	10.60		
40217	10451/40217	27.2	46.20	8.45	0.012	<0.01	0.07	0.115	0.04	0.15	0.01	0.17	5.67	1	
40218	10451/40218	21.6	52.80	9.59	0.012	<0.01	0.09	0.120	0.03	0.16	0.01	0.15	6.15	2	
40219	10451/40219	41.9	26.10	7.74	0.017	<0.01	0.06	0.125	0.03	0.18	0.01	0.07	5.84	3	
40220	10451/40220	38.2	27.60	10.80	0.013	<0.01	0.04	0.115	0.02	0.34	<0.01	0.04	6.07	4	
40221	10451/40221	15.9	47.70	17.70	0.016	0.09	0.35	0.097	0.39	0.70	0.02	0.86	9.07	5	
40222	10451/40222	13.1	54.70	16.00	0.024	0.01	0.25	0.091	0.03	0.63	0.03	1.75	7.48	6	NBR#15 D
40223	10451/40223	9.5	69.10	10.20	0.028	0.02	0.46	0.049	0.10	0.52	0.03	1.56	4.11	7	
40224	10451/40224	37.2	23.40	13.30	0.128	0.01	0.06	0.012	0.02	0.64	0.02	0.13	8.66	20	NBR#16 K
40225	10451/40225	64.9	2.56	0.33	0.041	<0.01	0.03	0.014	0.02	<0.01	<0.01	<0.01	4.46	21	
40226	10451/40226	66.1	1.68	0.47	0.057	<0.01	0.04	0.020	0.02	<0.01	0.01	<0.01	3.55	22	
40227	10451/40227	61.3	2.36	1.04	0.106	<0.01	0.04	0.035	0.08	<0.01	<0.01	<0.01	8.44	23	
40228	10451/40228	58.4	4.61	1.34	0.107	<0.01	0.04	0.049	0.29	<0.01	<0.01	0.01	9.84	24	
40229	10451/40229	63.5	2.11	0.69	0.050	<0.01	0.04	0.047	0.30	<0.01	0.01	0.01	6.07	25	
40230	10451/40230	65.9	0.99	0.49	0.034	<0.01	0.04	0.032	0.03	<0.01	<0.01	<0.01	4.60	26	
40231	10451/40231	65.1	0.91	0.47	0.033	<0.01	0.03	0.032	0.02	<0.01	0.01	<0.01	5.89	27	
40232	10451/40232	65.4	0.95	0.42	0.026	<0.01	0.02	0.023	0.02	<0.01	<0.01	<0.01	5.37	28	
40233	10451/40233	59.5	8.72	1.12	0.035	<0.01	0.05	0.027	0.04	0.05	<0.01	0.08	5.08	29	
40234	10451/40234	61.6	2.53	1.39	0.029	<0.01	0.05	0.024	0.02	0.04	0.02	0.15	8.14	30	
40235	10451/40235	48.1	22.30	1.25	0.096	<0.01	0.04	0.045	0.10	0.03	0.02	<0.01	6.84	6	NBR#6 2006
40236	10451/40236	40.4	31.70	1.29	0.122	0.01	0.05	0.044	0.10	0.01	0.02	<0.01	8.38	7	
40237	10451/40237	42.1	28.80	1.10	0.174	0.02	0.07	0.044	0.12	<0.01	0.03	<0.01	8.89	8	
40238	10451/40238	40.7	32.10	0.84	0.143	0.01	0.06	0.032	0.08	<0.01	0.02	<0.01	7.94	9	
40239	10451/40239	47.0	22.50	1.29	0.173	<0.01	0.02	0.039	0.10	<0.01	0.01	<0.01	7.99	10	
40240	10451/40240	56.0	9.70	1.16	0.172	<0.01	0.02	0.033	0.14	<0.01	<0.01	<0.01	8.35	11	
40240	*REP:10451/40240	56.2	9.58	1.16	0.171	<0.01	0.02	0.032	0.14	<0.01	<0.01	<0.01	8.33		
40241	10451/40241	49.4	19.80	1.14	0.108	<0.01	0.02	0.039	0.09	0.02	0.01	<0.01	7.56	12	
40242	10451/40242	62.0	3.56	0.42	0.059	<0.01	0.02	0.019	0.20	<0.01	0.02	<0.01	7.13	13	
40243	10451/40243	62.6	3.27	0.34	0.051	<0.01	0.02	0.017	0.18	<0.01	<0.01	<0.01	6.72	14	
40244	10451/40244	63.3	4.39	0.26	0.057	<0.01	0.03	0.012	0.08	<0.01	0.02	<0.01	5.09	15	
40245	10451/40245	61.6	6.47	0.32	0.060	<0.01	0.04	0.014	0.06	0.02	0.01	<0.01	4.76	16	
40246	10451/40246	47.0	14.50	9.46	0.095	<0.01	0.03	0.026	0.03	0.22	0.02	<0.01	8.04	17	
40247	10451/40247	40.8	18.20	11.50	0.201	<0.01	0.01	0.026	0.04	0.32	0.01	<0.01	11.00	18	
40248	10451/40248	21.0	32.80	19.90	0.114	<0.01	0.04	0.012	0.01	6.63	<0.01	0.02	9.88	19	
40249	10451/40249	19.9	44.20	16.40	0.100	<0.01	0.05	0.006	<0.01	2.08	0.02	0.12	8.11	20	
40250	10451/40250	17.5	58.20	9.31	0.108	<0.01	0.06	0.007	0.03	0.76	0.02	0.12	6.03	21	
40251	10451/40251	41.1	26.10	5.21	0.102	<0.01	0.10	0.008	0.11	0.25	0.02	0.60	8.59	22	
40252	10451/40252	36.0	34.90	4.99	0.082	<0.01	0.07	0.008	0.06	1.03	<0.01	0.45	6.57	23	
40253	10451/40253	19.9	58.60	5.78	0.137	<0.01	0.12	0.007	0.08	0.27	0.03	0.76	5.32	24	
40254	10451/40254	16.0	68.00	3.87	0.184	<0.01	0.06	<0.005	0.04	0.23	0.02	0.25	4.12	25	
40255	10451/40255	22.2	61.50	1.42	0.215	<0.01	0.05	<0.005	0.05	0.06	0.02	0.26	4.24	26	
40256	10451/40256	22.2	52.20	7.24	0.223	<0.01	0.26	0.005	0.07	0.22	0.03	1.64	5.74	27	
40257	10451/40257	34.4	29.90	9.99	0.354	<0.01	0.22	0.005	0.06	0.44	0.02	1.38	7.76	28	

Iron Results in % Colour Code

Greater than 50%

Greater than 55%

Greater than 60%

Core from NBR# 14 (E) into the high magnetic anomaly

NBR#6 was drilled in June 2006 for the purpose of sample collection for metallurgical testing. The hole drilled was vertical using HQ rods and was sited on the baseline at the 9350mN peg and on magnetic ironstone float boulders and scree. This area is a slight topographic high and this semi solid ground was thought (then) to be fresh mineralized dyke material close to the surface. The out come was a strong presence of hematite and clays with ironstone and quartz nodules until fresh country rock at 30.50m depth. The lack of any magnetism, fresh magnetite and all hematite, clays, quartz etc meant that the hole was then (2006) of no further use and was consequently not assayed.

With the new concept of DSO and drilling shallow holes not far north, this NBR#6 (2006) now became of much interest for its hematite content and was assayed and surveyed along with all the 2009 holes. This action was vindicated with the positive results it returned and is likely to be a new focal point for further exploration.

The hole recovered clays and ironstones until 13.50m, yet the ironstones reported Fe in the 40's % in this zone. From the hematite zone 13.50m to 17m Fe% results were in the 60's, thus this 4m rich zone being an encouragement for further testing for hematite close to surface near by and for the probable magnetite mineralization at deeper levels.

In summary the assay of all the holes as outlined above proved a valuable return of information to refine the understanding of the nature of the mineralization, better site any follow up drilling near these holes and gave strong encouragement for further exploration in areas nearby but not yet tested.

Magnetic Susceptibility Survey

The portable hand held device used was a SAIC Exploranium Kappameter KT-9.
The unit is battery powered taking digital readings into storage then is commanded to average the readings it has stored for each sample which could (say) from only 1 to 10+. Readings are in SI units x 10 power of -3. (This is an international scientific standard). No readings were taken in 2000. In 2006 only the three long holes were read only in the mineralized areas of interest. In the current drilling mag sus survey the first hole (NBR#7) was surveyed from 30m to end of hole at 108m. In the second hole NBR#8 the core was surveyed from 90m to end of hole at 125m in both these cases well in excess of the zones of interest. All short holes were surveyed for their entire (short) length.
Each 1 metre was read 5 times, usually at each 20cm spacing making 5 readings per each 1m. Readings were usually started at the metre mark to the next ie 1 to 2, 35 to 36 etc not 1 ½ to 2 ½ or other convenient breaks such as rock changes, fractures, core loss or drillers end of runs. Each of these 5 reading groups were averaged and this was designated as the mag sus reading for the 1m interval being surveyed. Readings were recorded directly onto the core logs on a separate page designed for the purpose. To this page was added later the core sample identification number the Iron % assay results and the Specific Gravity (SG) survey results. These results were all lined up next to the depth of the sample being surveyed. Later a condensed version of these results were lined up as best fit with the actual core description and recovery sheet for easy reading and correlation. It will be noted in some of the mag sus results that a high result has a number

eg 915 + 3 readings off scale. This means that the average is of 2 readings and 3 readings were not recorded as these readings were off the scale ie greater than 999 (its limit). At some locations there is an * which indicates all 5 readings were off scale ie greater than 999. In general terms, readings reflect the presence of magnetism (as the device is meant to do) and hence helps to identify the rock types with magnetic minerals and magnetite in particular.

KT-9 Magnetic Susceptibility Meter with sensitive reading head directly on pre split core

NBR#7 readings were started at 30m in country rock siltstone just before the first zone of interest. Readings were 1.50 +/- 0.50 indicating this siltstone rock is almost entirely devoid of any magnetism. The first positive response is at 41 & 42m depth readings of 50 and 24 and the core log records a brecciated zone with minor magnetite. Then low background results again until the mineralized zone starts at 56m and goes through to 75m which corresponds with the core as logged being magnetite rich. Locally individually reading average from a low of 129 to totally off scale at 999+ (4 recorded with several close by in the high hundreds. In the detailed core log it will be observed that the very high readings correspond with massive magnetite reported in the core and lesser readings with lower concentrations of magnetite. The meter corresponds well with the level of contained magnetite in the core log and as such is a very useful supportive tool. If it became necessary very it would be possible to more finely detail the core log using this tool.

NBR#8 readings were started at 90m in siltstone country rock and were recorded at 1-2 units. At the start of the magnetite mineralized zone readings jumped into the 3-400's then off scale entirely for 3 (1m consecutive readings) and then readings in the high 100's including every one with at least 1 of each 1m sample reading being off scale. Ie a 13m intersection of intensely magnetic core : looking at the core log : magnetite rich. Readings dropped back again to low levels ie single digits (<10) as the contact zone and country rock are re entered.

NBR#9 (J) the first of the short holes (and southern most) readings were started at 35m just at the start of the hematite mineralized zone. Readings ranges in the 15m zone from 3x zero (very sever core loss) 1.2 to a high of 8.6. It was very obvious that hematite is non magnetite and has very little if any residual magnetism. The highest reading could have come from an ironstone nodule.

NBR#10 (I) similarly had a range of reading in the 26m of hole ranging from 1.45 to 8.88 SI units. The 26m hematite mineralized zone ranged from 2.24 to 8.88 SI units again reinforcing the absence of any significant magnetism associated with hematite although these levels are higher than the <2 SI Units recored in the siltstone country rock.

NBR#11 (H) for its entire length to 46m had a SI range of 0.49 to 3.36 (near the end of the hole) most common readings were 2 +/- 0.5 which indicates no magnetism and low hematite. Note again this hole did not intersect any mineralization.

NBR#12 (G) located at 9800mN and close to the mineralized cliff also recorded background levels from 0.88 to 6.04 in the pre and post mineralized zones. The readings in the mineralized 9.5m ore zone from 5 to 14.5m depth was slightly elevated to levels Ranging from 10 to 20 SI units, not very dramatic but sufficiently above the low background to identify a slightly higher level of magnetism over a 5m interval 4-9m. This corresponds with hematite mineralization which has a tinge of magnetism possible from minor magnetic iron constituents in its composite mineralogy. The drill hole is at 9800mN and approaching the main magnetic area and also very close to the cliff top the core having just intercepted the hematite at a very shallow depth and it is probable the majority of the mineralization in this section has weathered out ie the drill is too close and too high up to the footwall wall side of the dyke the majority of which is missing.

NBR#13 (F) located at 9900mN and considered to have had the best result in a cross section sense with pre and post country rock projected thickness but with the unexpected inter layering of magnetite and hematite rich bands. The pre and post mineralized readings were as background in the range of 1 to 5 SI units but the mineralized zone of 14 to 25 ie 12m inclusive have readings varying from 182 (deep end at 25m) to 779 at 20m ie in the middle this and the other high reading over the core which showed cubic crystals and voids after magnetite these bands also assay slightly higher in the high 50's. compared to the lower hematitic readings in the 3-400's with slightly lower assays levels in the 40's. Note that these are generalized differences and slight sample errors of all three kind may lead to a lack of highly reliable correlation of the three sampling methods.

NBR#14 (E) is located on top of the magnetic anomaly at 10 000mN local grid. The hole collared in ironstone scree hence the first 3m read a background of 9 then straight to levels of 100 to 200's as the first hematite was cored. The highest reading was 351 average (over 5 reading per 1m interval) with one off scale (at 999+) these were over black crystalline massive rock probably exhausted massive magnetite. assays in the 50's. The local topography of an elevated hill, wide (thick mineralized dyke outcrop) remnant magnetite on surface and massive magnetite at depth all combined to generate the large airborne magnetic anomaly. As with the previous hole surface hematite is not as well developed as in the southern areas.

NBR#15 (D) the northern most drill hole at 10100mN and eastern most at 10150mE sited on top of the eastern side of the dyke and no mineralization was intersected only clays of the footwall. The mag sus readings were consequently low ranging from 0.42 to 1.90 at surface where the corresponding assay result was 27.2% of whatever soil ironstone chips were recovered at 1m from surface. As previously noted the hole should have been further west some 20-30m for a more meaningful result.

NBR#16 (K) is located as the furthest south in the current drilling at 9450mN local grid peg. This hole was prepared after the abortion of its neighbor #9 (J) 50m north. The core result at (K) was very good. A 10.30m intersection of hematite mineralization was intersected. Mag sus readings over this section were1.02 to 1.75 with one low of 0.46 from a siltstone area. Being mostly hematite no magnetism was found in the core. The pre and post mineralized sections of core, of clays and siltstone, ranged from 0.20 to 1.31 ie mostly low background readings.

NBR#6 (2006) was also surveyed on the HQ core. With the highest reading at surface of 23.20 not surprisingly as the surface float nearby was also magnetic. Most of the readings in the pre and post hematite rich sector were between 1 to 2 SI units. The hematite rich sector itself ranged from1.39 to 3.12 SI units. Slightly higher (by a factor of 2x) to the background. This showed a difference and a correlation between the mineralized zone and weak magnetism.

Overall the magnetic susceptibility correlation with recovered mineralized core was strongest where there was recovered fresh and near fresh to remnant magnetite mineralization. However in some cores (sush as NBR#6) there was also a faint relationship with the core where higher than background readings were noted. It was also apparent in some other holes such as 12, 10, and less so in holes 9 and 16 nevertheless this survey was a good supportive tool to the core logs.

Bulk Density Survey 49

Specific Gravity survey was carried out on a representative range of cores from different locations of the holes and from within the same hole in differing rocks. Samples were taken from both mineralized and non mineralized solid core samples. Samples were all split halve sections around 10-20cm length size and ½ NQ size split core. These halves were taken as one suite (up to about +/-10 samples from each drill hole).

Diamond saw blade cutting mineralized core lengths in half.

They were each weighed dry then all were immersed in a bucket of clean cold water for 10 minutes then each sample was weighed immersed in water (on a sieve surface suspended in another bucket of water, then weighed again once taken out and patted dry on the core surface but still with its saturated water content in the core. These readings were tabulated and processed through a known formulae: X/(Y-Z) where X is the dry weight in air, Y is the wet weight in air and Z is the weight under water. Eg a magnetite rich half NQ sized split core sample from NBR#7 from 72.05 to 72.25m depth interval (20cm long) the dry weight (in grams) being 581.1 the water saturated weight being 588.8 and the weight under water being 431.8 so 581.1/ (588.8-431.8) = an SG of 3.7. Specific gravity of the rock sample by this method is known as the water displacement method and is widely used. All the readings, results and some photos are tabulated below.

A core sample weighed in water. The sieve is attached to the digital scales by strings.

In the Deeper Holes

NBR #7 had 20 samples read at various depths (see list in core logs & table below). Four of these were from above the mineralized core horizon and were siltstones in the country rock and brecciated zone all of which had specific gravity readings of 2.6 Rocks within the mineralized intersection were all above a base reading of 3.0 mostly in the 3.1-3.4 range with two spot highs of 3.7 and 4.1 All these higher readings correlated with high mag sus readings and massive/dense magnetite rich zones in the core.

NBR #8 had a total of 25 readings over core from 1.2m to 119.1m depths.
Similar to the NBR #7 results above, the siltstone pre and one post mineralization were consistently 2.5 +/- 0.2 In the mineralized zone readings started from a higher base at 3.0 but were consistently around 3.5 +/- 0.2 indicating a magnetite zone. There was no spike.

From these two holes the pattern is emerging of siltstone SG at 2.6, with the mineralised zone at 3.5 with occasional spikes where the magnetite is concentrated.

In the Shallow Holes

NBR #9 (J) had a total of 8 readings with 5 pre ore in siltstones and clay zones 4 of 5 readings being 2.4 and one at 2.6 In the mineralized zone 3 readings were 3.8, 3.5 and 3.1 The first in massive black to dark red-brown hematite at 36m the second semi massive also red-brown hematite at 39m and the deepest at 46m also semi massive hematite of the "rusty" type sample amongst severe core loss.

NBR #10 (I) at the cliff edge water line, 12 samples were read all except the last in the ore zone. The last at 23m was 2.6 a siltstone in the contact zone. The highest reading of 4.0 was at 7m at the start of the mineralized zone and was from a massive dense dark brown hematite sample. All the other samples were hematite of various colours and textures and readings range from a high of 3.5 to a low of 2.7 most were around 3.0

NBR #11 (H) has no mineralized section and siltstone (3) readings were 2.3-2.6 with a fourth at 2.9 in siltstone with ferruginous associated alteration.

NBR#12 (G) reported 6 samples 5 in the mineralized zone ranging from 2.7 to 3.6 most around 3.4+/- 0.2 all hematite specimens except for the deepest 2.5 at 16m in siltstone.

NBR #13 (F) the "ideal" hole had 10 core samples surveyed along its 21.2m total length. One reading of 2.4 in siltstone near surface the others were all in the mineralized zone and ranged from 2.9 to 3.5 most were 3.1 with the 3.5 spike in the middle at the hematite and magnetite band there.

NBR #14 (E) over the airborne magnetic anomaly on cross line 10 000mN Eight samples taken all except the last in the mineralized zone. Six readings ranged from 2.7 to 3.7. Three were in the high 2's and 3 in the mid 3's and again the high spots after magnetite. The 27 and 28m deep readings were in siltstone country rock.

NBR #15 (D) did not penetrate mineralization and the 2 readings were 2.4 and 2.5 in clays after siltstone at 5and 6m deep.

NBR #16 (K) the southern new hole at 9450mN local grid peg had 9 samples over 41.1m The top 4 and bottom (and last) sample were pre and post ore zone in siltstones and recorded 2.4 (x3), 2.5 and 2.7 the deepest. Four samples in the ore zone recorded 3.3 (x2) 3.0 and 3.2 all in hematite.

NBR #6 (2006) was the HQ vertical hole at 9350nM and the southern most hole of all. Nine samples were taken over 33.5m total depth. Surface nodules of ironstone recorded 3.8 SG. Three samples recorded 2.5 two were from the post ore zone of brecciation and lower contact footwall and also in siltstone. The five samples from the ore zone were a low of 2.9, the remaining four were 3.1 (2x) to 3.4 to 3.6 all from hematite zones.

The emerging pattern from all these results is that the grey siltstone (Cowrie Formation) country rock has a Specific Gravity range of 2.6 +/- 0.02 The hematite “normal light coloured and friable textured variety SG of 3.3 +/- 0.2 whilst the heavier dense hematite is in the higher 3.6 +/- 0.2 range and this is similar for magnetite. The dense magnetite core is in the range of 3.9 +/- 0.2 SG.

Overall in regard to Specific Gravity (SG), it is clear there is no definitive single value for any one of the rock types as they have a reading range of 0.2 but the more commonly found readings over all the core samples would indicate (as a guide) siltstone as 2.5, hematite as 3.3 and magnetite as 3.8 SG.

More frequent, closer and rigorous inspections and readings may be useful in better delineating the boundaries between the country host rocks and the type of mineralization they contain. Correlation with mag sus, assays, core description are also all useful tools.

Following is the complete suite of Specific Gravity (SG) values as determined by the Water Displacement Method

See pdf files for detailed tabulated results

Water Displacement Method for SPECIFIC GRAVITY Determinations

Shree Minerals Ltd

Project	Prospect	Hole_ID	From	To	Spl_Id	Weight in air	Weight Saturated Sample in Air	Weight in water	SG
Nelson Bay R	D Drill core	NBR # 06	-	0.1	1	304.5	304.9	225.6	3.8
			7.0	7.1	2	666.6	682.2	468	3.1
			9.6	9.8	3	1221.4	1250.5	824.9	2.9
			13.9	14	4	1353.9	1399.5	955.7	3.1
			15.3	15.5	5	1175.9	1204.8	863.3	3.4
			16.3	16.4	6	1092.6	1117	816.7	3.6
			26.4	26.55	7	1211.3	1224.9	744.2	2.5
			28.9	29	8	734.5	745.5	510.9	3.1
			31.3	31.45	9	930.4	939.8	568.6	2.5
									#DIV/0!
NBR	D Drill core	NBR # 07	8.3	8.45	1	1300.2	1321.3	811.6	2.6
			17.8	17.9	2	617	618	384.2	2.6
			29.0	29.2	3	886.9	905.2	561.4	2.6
			41.8	42	4	694.6	710	439.7	2.6
			49.1	49.3	5	998.3	1009.2	680.1	3.0
			53.3	53.45	6	881.5	884.5	616.8	3.3
			54.1	54.2	7	576.5	579.6	410.4	3.4
			55.4	55.5	8	292.4	293.1	199.6	3.1
			56.6	56.8	9	591.7	600.8	413	3.2
			57.9	58	10	369.8	373.7	254.2	3.1
			60.3	60.5	11	477.5	492.1	351.6	3.4
			61.4	61.5	12	304.1	313.5	220	3.3
			63.7	63.8	13	354.9	363.2	254.5	3.3
			64.7	65	14	856.9	859	623.5	3.6
			67.3	67.4	15	385.8	389.2	259.7	3.0
			68.0	68.3	16	572.7	579.1	365.9	2.7

			69.9	70.7	17	349	358.6	243.9	3.0
			70.9	71	18	503.2	513.7	374	3.6
			72.1	72.25	19	581.1	588.8	431.8	3.7
			73.7	73.9	20	590.6	591.7	438.2	3.8
			74.8	75	21	699.5	702.2	530.3	4.1
			76.2	76.3	22	199.1	199.2	126.3	2.7
			78.1	78.2	23	790.5	791.1	531.5	3.0
			83.1	83.3	24	1004.2	1005.5	667.5	3.0
			93.8	94	25	1078.4	1079.1	775.2	3.5
									#DIV/0!
NBR	D Drill core	NBR # 08	1.2	1.35	1	1002.5	1003.8	615.2	2.6
			7.3	7.4	2	604.1	604.9	377.7	2.7
			10.1	10.2	3	387.6	389	230.6	2.4
			13.5	13.6	4	676.2	682.6	387.6	2.3
			16.3	16.4	5	596.4	598.6	367.4	2.6
			19.6	19.8	6	771.2	776.5	472.9	2.5
			25.3	25.4	7	452.8	459.8	266.5	2.3
			29.2	29.3	8	531.9	541.3	329	2.5
			34.4	34.5	9	405.3	405.8	251	2.6
			45.2	45.3	10	479	490.9	284.4	2.3
			47.9	48.15	11	1012.1	1033.6	640.2	2.6
			52.5	52.6	12	549.3	556.4	339.3	2.5
			82.7	82.8	13	538.6	548.1	342.4	2.6
			94.8	95	14	639.6	646.2	444.9	3.2
			95.8	96	15	667.9	670.7	479.1	3.5
			96.8	97	16	475.9	481.5	343	3.4
			98.3	98.45	17	454.7	457.1	335.6	3.7
			99.4	99.65	18	1108	1111.1	815.3	3.7
			102.1	102.25	1	442.8	444.1	320.8	3.6
			104.0	104.15	20	463	463.6	338.2	3.7
			105.3	105.5	21	547.1	547.8	396.4	3.6
			106.4	106.5	22	381.2	384.9	259.5	3.0
			107.7	107.8	23	369.2	272.5	173.2	3.7
			112.7	112.8	24	533.6	546.7	338.6	2.6
			119.2	119.3	25	520.8	521.6	351.3	3.1
									#DIV/0!

NBR	D Drill Core	NBR # 09	17.2	17.3	1	545.4	552.3	325.9	2.4
			22.6	22.8	2	829.7	834.1	509	2.6
			25.6	25.75	3	789.5	810.8	483.9	2.4
			30.1	30.3	4	660.5	685.4	411.2	2.4
			34.2	34.35	5	880.6	914.6	542.9	2.4
			36.6	36.8	6	774.5	779.1	574.2	3.8
			39.2	39.4	7	423.9	426.5	306.4	3.5
			46.0	46.1	8	159.5	167.4	116.3	3.1
									#DIV/0!
NBR	D Drill Core	NBR # 10	7.1	7.2	1	316.9	318.1	238.7	4.0
			8.6	8.75	2	461.7	467.2	335.5	3.5
			9.3	9.4	3	316.4	328.6	201.1	2.5
			10.5	10.6	4	316.3	324.6	214.7	2.9
			12.3	12.5	5	583.5	586.3	410.3	3.3
			14.9	15	6	231.7	237.5	153.6	2.8
			15.8	15.95	7	464.6	467	309.8	3.0
			17.2	17.4	8	547.7	551.6	367.4	3.0
			18.7	18.85	9	338.6	342.2	229.3	3.0
			19.4	19.5	10	332	335	210.8	2.7
			21.0	21.2	11	460	463.4	315.4	3.1
			23.0	23.2	12	574.2	575.5	352.6	2.6
									#DIV/0!
NBR	D Drill core	NBR # 11	9.6	9.7	1	619.1	620.3	381	2.6
			11.7	11.9	2	545.7	559.1	318.9	2.3
			26.2	28.4	3	711	no sample dissolve	409.8	#VALUE!
			31.7	31.8	4	592.7	612.5	364.3	2.4
			38.3	38.4	5	242.1	246.3	162.8	2.9
									#DIV/0!
NBR	D Drill Core	NBR # 12	5.5	5.6	1	185.9	190.9	135.6	3.4
			8.5	8.6	2	258.1	266.4	182.6	3.1
			9.0	9.1	3	264	282.6	185.9	2.7
			10.7	10.9	4	412	422.1	296.1	3.3
			12.2	12.3	5	299.5	302.8	218.7	3.6
			16.4	16.6	6	416.6	420.5	256.7	2.5
									#DIV/0!

Water Displacement Method for SPECIFIC GRAVITY Determinations

P2

Shree Minerals Ltd

Project	Prospect	Hole_ID	From	To	Spl_Id	Weight in air	Weight Saturated Sample in Air	Weight in water	SG	
									#DIV/0!	
NELSON BAY RIVER DIAMOND DRILLING CORE RESULTS CONTINUED.									#DIV/0!	
									#DIV/0!	
NBR	D Drill Core	NBR # 13	11.1	11.2	1	334.5	343.2	202.7	2.4	
			15.1	15.3	2	607.1	611.7	418.9	3.1	
			17.5	17.6	3	310.3	311.9	209.6	3.0	
			18.4	18.5	4	201.3	201.6	134.5	3.0	
			19.7	19.85	5	287.8	290.4	208.5	3.5	
			20.45	20.6	6	417.4	418.6	299.3	3.5	
			22.4	22.5	7	326.6	326	225.5	3.2	
			22.8	23	8	531.6	533.9	352.3	2.9	
			25.1	25.2	9	251.9	255.4	173.9	3.1	
			26.4	26.5	10	631.3	639.1	418.3	2.9	
			28	28.2	11	829.6	834.5	560.7	3.0	
									#DIV/0!	
NBR	D Drill Core	NBR # 14	10	11	1	398	398.5	251.1	2.7	
			13.2	13.3	2	230.3	230.6	165.4	3.5	
			15	15.15	3	272.4	272.6	178	2.9	
			16.2	16	4	316.5	317.7	225.8	3.4	
			17.1	17.3	5	502.6	504.2	369.9	3.7	
			22.75	22.9	6	369.7	369.3	240.6	2.9	
			27	27.1	7	451.3	456.2	272.5	2.5	
			28.05	28.15	8	434.4	441.4	263.8	2.4	
									#DIV/0!	
NBR	D Drill Core	NBR # 15	5.7	5.8	1	144	143.8	84.5	2.4	n/s disolved
			8.7	8.8	2	441.7	445.1	267.5	2.5	

									#DIV/0!
NBR	D Drill Core	NBR # 16	6	6,1	1	298.1	303.8	180.6	2.4
			9	9.1	2	278.4	285.3	171.3	2.4
			16.4	16.55	3	460	465.9	280	2.5
			20	20.15	4	583.9	604.4	360.8	2.4
			21.5	21.6	5	198.3	198.8	138.4	3.3
			22.5	22.7	6	429.3	429.5	299.6	3.3
			28.4	28.5	7	213.3	214.1	142	3.0
			30.5	30.7	8	596.7	596.9	410.2	3.2
			35.3	35.5	9	1029.4	1031.3	643.7	2.7
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CONCLUSIONS

The drilling was carried out in April to May 2009. When the site was visited on 24th April 2008 it was still dry (enough) for easy access to the grid area as there were no wet spots on the baseline track. This year in 2009 the rain came somewhat earlier and stopped vehicle access around the middle of April. Therefore a late summer start (early March) could have been much better.

Despite very good cross lines by cutters in 2008, it is still necessary to use a light weight excavator to follow cross and other chain sawed cut lines to establish access tracks to and prepare drill pad sites and sumps. This process will continue to be needed for any future work.

The drill rig used was a track mounted diamond coring machine that did the job well. Since the maximum hole depth was 125m and most holes around 30m, this machine had far and away too much capacity (1000m+ NQ) so a much smaller rig would have been preferred for more mobility and a less heavy footprint. However smaller and lighter rigs were not available and only now are starting to make an appearance as some truck mounted rigs are converted to (eg) excavator track systems. More drilling contractors are now also acquiring track mounted carriers such as the Japanese Marouka , a rubber tracked crawler carrier machine ideal for moving men, rods, machinery, fuel drums etc into difficult and wet sites.

The drilling program proved valuable insight for future site locations and preparation of drill hole pads and sumps and how best to manage them during and after drilling with capping, clean up and rehabilitation (if required).

In the case of the long holes and magnetite target, the results proved to be good as the mineralized dyke was completely penetrated and mineralized sections found. There are now enough locations in three dimensions to be able to determine and upgrade the known ore body both in quantity and the JORC category from inferred to indicated ore. It will be up to the consulting geological firm to remodel the new and old information (in 2 & 3D) to come up with a predictive useful geological fact maps, sections and projections for this purpose.

In the case of the short hole hematite DSO target; of the 10 holes drilled 8 intersected good quality hematite zones of mineralization over about 800m strike length x 15m average width x 30m depth at SG of 3.3 is around 1.188Mt of potential ore. The strike length is open to the south for well over 1000m

Further drilling, geotechnical and metallurgy studies will ultimately prove up the potential of both resources.

RECOMMENDATIONS

Further drilling is recommended south of the current short hole programme discussed above. This will further prove up (or otherwise) the presence and continuation of the mineralized dyke near surface as it heads south to the known out crop in the Southern (magnetic) Anomaly area 1100m south of the (currently) furthest south hole NBR #6

Holes should be drilled progressively southward at 100m spacing just left (south west) of the existing baseline and collared up to 100m west of it. This will identify strike extension and therefore more inferred ore tonnage. (see maps below pp 61/62)

An application should be made immediately to Mineral Resource Tasmania to outline this proposed new drilling so that it maybe organized as soon as possible.

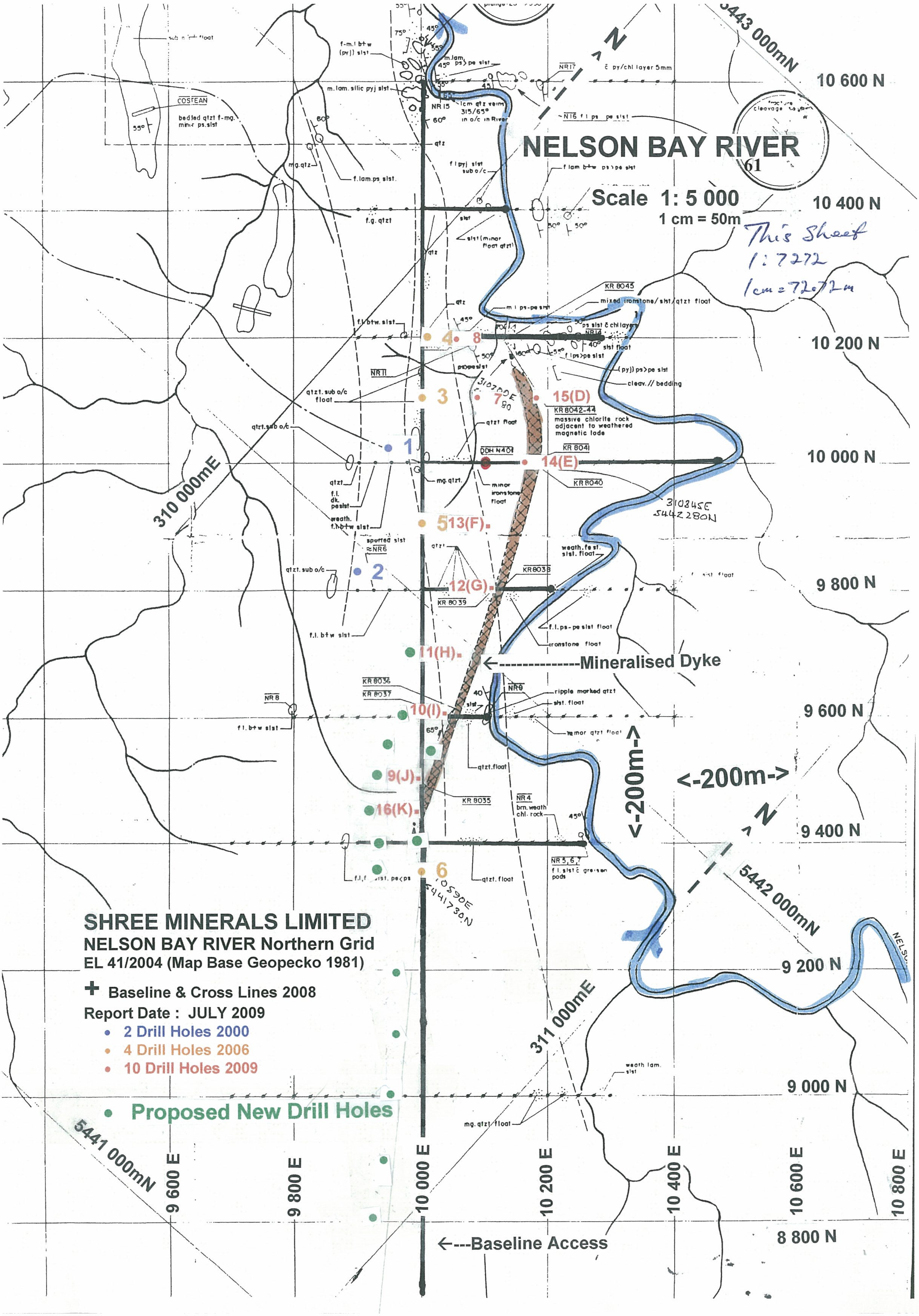
It maybe necessary for an indicated (small and or initial) ore body of the hematite of the DSO to be proven up for JORC purposes for an application to MRT for a Mining Licence. If this is the case then the exisiting drill holes in the south area ie 11 (H), 10(I), 9(J), #6(2006) should have twin partner step out holes and also 50m fill in holes for the calculation (more accurately) of an indicated ore body. The geological consulting firm (to be used) maybe able to offer guidance in this matter once the current drilling results have been processed in 3D.

This work could take the place of confirming an indicated magnetite ore body in the north (using the new drilling there) which was the second aim of the 2009 drilling program. Either way one ore body needs to be in the indicated category (under JORC) for an application for a Mining Licence.

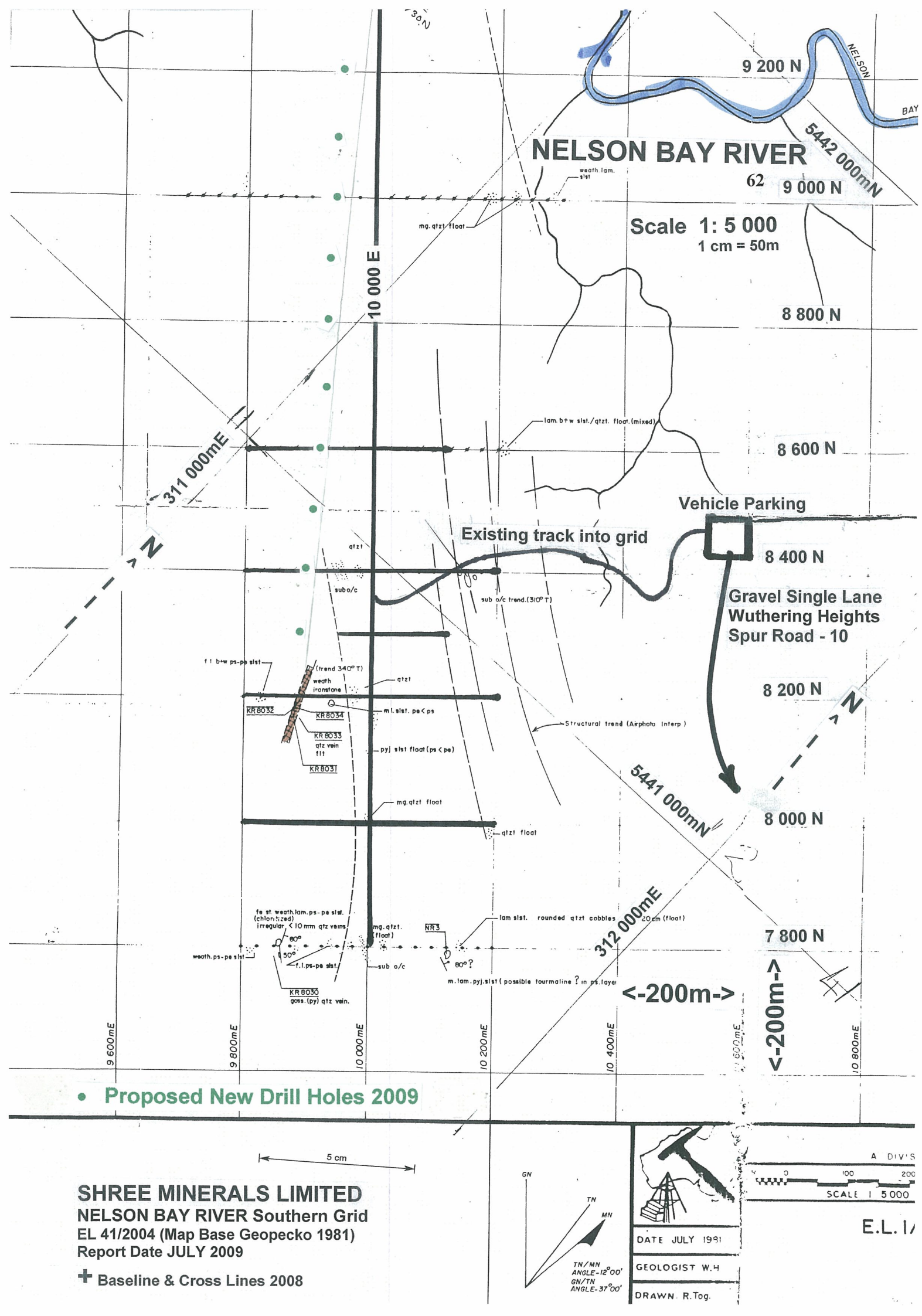
With difficult access and mobilization costs it maybe more efficient to do this drilling continuously (ie the same rig in both areas, one after the other, or in combination), and this is recommended if financing permits.

An upgrade of the current access track will be necessary at some stage, if more drilling does take place.

See pdf files p 261 / 261 for maps



NELSON BAY RIVER
61
Scale 1: 5 000
1 cm = 50m
This Sheet
1:7272
1cm=72.72m
5443 000mN
10 600 N
10 400 N
10 200 N
10 000 N
9 800 N
9 600 N
9 400 N
9 200 N
9 000 N
8 800 N
5442 000mN
5441 000mN
310 000mE
311 000mE
9 600 E
9 800 E
10 000 E
10 200 E
10 400 E
10 600 E
10 800 E
N
Mineralised Dyke
<-200m->
<-200m->
←---Baseline Access
310700E
310845E
5442280N
10590E
5441730N
COSTEAN
NR 17
NR 15
NR 16
NR 11
NR 14
NR 6
NR 8
NR 9
NR 4
NR 5,6,7
KR 8045
KR 8042-44
KR 8041
KR 8040
KR 8038
KR 8039
KR 8036
KR 8037
KR 8035
DDH N401
massive chlorite rock adjacent to weathered magnetic lode
mixed ironstone/slst/qtzt float
ripple marked qtzt
1 cm qtz veins 315/65° in o/c in River
1
2
3
4
5
6
7
8
9(J)
10(I)
11(H)
12(G)
13(F)
14(E)
15(D)
16(K)
SHREE MINERALS LIMITED
NELSON BAY RIVER Northern Grid
EL 41/2004 (Map Base Geopecko 1981)
+ Baseline & Cross Lines 2008
Report Date : JULY 2009
• 2 Drill Holes 2000
• 4 Drill Holes 2006
• 10 Drill Holes 2009
• Proposed New Drill Holes



SHREE MINERALS LIMITED

NELSON BAY RIVER Southern Grid
EL 41/2004 (Map Base Geopecko 1981)
Report Date JULY 2009

✚ Baseline & Cross Lines 2008