

NBR SOIL SAMPLING WORK

August 2009

INTRODUCTION

Shree Minerals Limited carried out a very successful diamond drilling programme in March-May 2009. Two long holes were drilled successfully intersecting the magnetite mineralisation, further upgrading the volume and confidence of this resource, successfully drilled in 2006.

In addition there were eight short holes drilled, all designed to test the near surface extent of the known ironstone mineralised dyke. Six of these hole intersected good grades of hematite mineralisation. (See Drilling Report April-May2009 for details.)

The conclusions of this report noted 1) that the mineralised dyke was present for the entire strike length covered and was open at depth and to the south 2) that the mineralised dyke was hematite rich near surface 3) gave rise to the potential of this as a direct shipping ore resource.

The recommendations of the report noted (in regard to the DSO potential) 1) that further drilling be done near and south of the southern part of the April (09) drilling 2) that holes be spaced 100m apart 3) be drilled immediately to further test and progress the strike length of the resource 4) step out holes were proposed to increase the confidence of the dyke mineralisation.

Consequently a drilling work program was submitted to MRT for approval of a further round of drilling to carry out the recommendations above.

Mineral Resources Tasmania did not approve the work program be carried out immediately (ie in the wet winter months of 2009), and directed that this work be carried out in the dryer summer months later in the year, and particularly in early 2010.

It was therefore decided by the company to conduct a soil sampling program in the drill target area of some 1150m distance between known ironstone mineralisation, to help better site the location of the further drilling program in this virgin area.

Because this area has weak soil geochemistry and geophysical data from the past (last done in 1982 by Geopecko) it was decided try out the new MMI soil analysis method.

MMI is a relatively new geochemistry tool available for use in mineral exploration. The technique is suitable for precious and base metals (including iron ores) and can give results in soil covered areas that previously failed to provide useful soil geochemistry results.

It is for this reason the company decided to try out the new technique and if successful to utilize it again at Nelson Bay River and other EL's held in Tasmania by the company.

This new "cost effective" geochemistry (because it works?) measures mobile metal ions in surface soils. These mobile metal ions are released from ore bodies and travel upward toward the surface. Using sophisticated chemical processes and instrumentation, MMI is able to measure these ions, in surface soils, to determine accurately where buried mineralisation is located.

SAMPLING METHODOLOGY

This can vary somewhat to suit differing circumstances. Allowance is made for various climatic, morphology, area coverage, and other conditions and is tailored to suit a particular project. Actual sampling can vary as to depth and line/sample spacing, size of sample, however one fast rule is the non wearing of metallic objects (watches, chains other jewellery) and the use (preferably) of non metallic sampling tools ie plastic spades, scoops & tools: all of which help to eliminated any metallic contamination of the sample.

At Nelson Bay River the established grid baseline at azimuth 320 degrees was used as the basic stating point. From this base line some 13 lines each of 150m long to 230 azimuth degrees were cut by chain saw (in thick timbered, heath, and or long bladed grassland areas) in the middle reaches of a previously cut and larger regional grid. This process took 3 days. Each line was short named from 81 in the south to 93 in the north to coincide with the regional grid N8 000 to N10 400. The established baseline was E10 000 therefore each line extended from E9 850 to E10 000. There were 13 sample lines, each is spaced 100m apart hence from 81 to 93 coverage was a distance of 1200m + the (say 50m) ends. Sample spacing was 25m apart thus from the baseline at E10 000 to E9 850 was 150m hence 7 samples over this distance which was thought to be sufficient to cover a buried dyke width of 15-20m dipping at -60 degrees to the west.

The soil sample grid layout was designed to be serially numeric. Ie, the lowest numbered sample to be in the southern most line and the western most position on that line. The sample identification number increased therefore west to east heading north wards with the final sample in the north east. (Some duplicate samples were taken for laboratory quality control purposes, and were ones of convenience in this instance.) The 100u thick x175mm x100mm plastic self sealing bags were all pre labelled this allowed the taking of the samples in any convenient order and in fact at NBR the samples were all taken over 150m from east (at the baseline) to the west and indeed the sampling was carried out conveniently from north to south several lines behind the line cutter.

At each sample station measured by survey tape a GPS record was taken with a Garmin 76 GPS unit any peculiar details (such as rock outcrop) were noted. The ground was cleared by hand and or rubber gum boots then a plastic scoop or plastic hand digger was used to dig out the surface soil and take a sample from 5 to 10cm below the surface. Mostly this soil sample was black soil, wet and with some fine organic matter (fine roots) in some higher topographic areas the soil was moist but not wet and beige coloured clay. About 100g+ of soil was placed in the bag, sealed and left on site to be picked up on the return out of that cross line. Each of the 7 samples were placed in a further plastic bag with written line id.

These samples were ultimately boxed and sent to SGS (Australia) Pty Ltd for MMI analysis in their laboratory at Newburn, Perth WA.

IXL SPREAD SHEET TABLE

Attached below is an xls spreadsheet table of the samples collected.

As noted in the text above the duplicate samples were taken at sites of convenience where the cut line was slightly short thus the spare sample bags were used for this purpose as noted in the text above and in the table. Note that sample 40501 is labelled as the first sample and is in fact the last sample taken at the far south western part of the cut line. The line cutter was 25m short of his destination and needed a new chain and fuel. At this point he had just past over the 15m out crop of the magnetite dyke, so he was instructed not to go further and 2 separate samples were taken just west of the outcropping dyke. Similarly at sample site 40566 the cut line was 50m short from the afternoon before therefore the line cutter was instructed to re commence the next day on a new line. This meant that at sample site 40566 the western end of line at E9900 was 50m short hence upon return to the base line area the 2 unused bags (in this line sequence) were used to take duplicated samples at E9 900 and E10 000. see spread sheet.

SAMPLE LOCATION MAP

The area sampled and new lines cut is illustrated in the 2 map sheets attached. Green numbers 88 to 96 refer to the new cut lines of 150m which are coloured in red. As noted in the text above the numbering of the samples collected starts on line 81 in the west goes east for each line in a northerly direction finishing on the baseline at line 93. Orientation lines are lines 81 and 82 in the south and 92 and 93 as each of these 4 lines cuts across 10-15m of outcrop of the mineralised dyke as noted.

RESULTS

These are as yet unavailable but will be added to the spreadsheet and noted in an update of this report. It is anticipated that the MMI results when contoured will indicate the near surface location of the buried dyke and be a useful guide to the location of further drill sites.

Wes Harder 26/08/2009

RESULTS AND DISCUSSION

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The assay results were received on the 09/09/09 in table form reporting ppb for Silver, Gold, Cesium, Cobalt, Copper, Chromium, Iron, Nickel, Lead and Zinc

As the table shows no significant results were recorded for silver, gold, copper, lead and zinc had several coincident zones of anomalism relative to background and this will be re looked at again in the future as these zones tended to be co incident with the suspected position of the dyke and in any case were not outstanding and of secondary interest as the main focus was on the presence of iron. (see raw data table).

The consultant who was approached as an MMI expert suggested a basic suite of 10 minerals be asked to be reported. Hence those base metals and indicators above.

The main metals of interest for our purpose were iron and nickel. The nickel results tended to reflect its co incidence with iron but was not as pronounced in its result. The other co incidental metal to report was cobalt which spiked right over the position of outcrop of the ironstone dyke on lines 81 and 82 in the south and at 91 & 92 in the centre.

The Iron results are outstanding as they peaked right above out crop and in areas along the cross lines where the dyke was not seen but suspected to be buried underneath the soil sample sites.

Starting in the south and heading west to east along cross lines 7 samples were taken, each at 25m spacing from 150m away from the baseline to it and including it. Thus local grid sample sites were E 9 850, 875, 900, 925, 950, 975, E10 000 on the baseline. The lab analytical report has been overprinted with cross line identification. The next cross line was identical ie the last 150m west of the baseline at 100m spacing north of the previous line. A total of 13 cross lines for 7 samples each meant 91 samples were assayed. There were several sites unavailable as the cross lines were not cut long enough and thus several duplicates were taken as noted in the pages above. Duplicates were very close in their values confirming the reliability of the samples and the quality of analysis of the laboratory.

Line 81 in the far south.

The ironstone dyke was mapped 10m in outcrop between 100 to 110m in from the base line ie on the local grid a N 8 100 & E 9 890 to E 9 900 The Fe assay over this stretch was recorded as 104/192 (a duplicate sample position) over the dyke outcrop. This is a average of 148ppm over a back ground of average 22 ie 7.7 times. Closer to the baseline 3 further anomalous readings were taken ranging from 719 to 274 (average of 3 being 476ppm some 19x higher than back ground.

Whilst there was no ironstone out crop at surface there; one possible explanation (geologically based on drill results from NBR#2 hole the closest one to this site) is that the ironstone dyke has two “walls” and that the hanging and foot walls (both mineralised in NBR#2) have split further apart and this “supersensitive MMI soil assay technique has indicated this.

Line 82 ; 100m north of the above line, also had an anomalous reading of 478 ppm over a background of 20 ie 24x background and located at or near the dyke (10m) mapped of out crop at N 8 200 and E 9 870 to E 9 880 local grid.

Line 83 , 100m north of above, had no outstanding Fe anomaly but the reading of 81ppm at the E 9 875 location (similar easting to the previous line) was 4x background despite there being NO outcrop. So this has to be interpreted as indicating an Fe source below the soil sample site.

Line 84, 100m north of above, 2x background at the same easting, but no outcrop. The reading at E 10 000 (the base line) is considered as probably contaminated by steel machinery (such as the excavator) which traversed the site many time.

Line 85, 100m north again, at site E 9 850 (150m in from the baseline) had a spike high of 779 (39x higher than a background now assumed to be 20ppm) No outcrop noticed and 150m in from the baseline, no creek noted no explanation offered other than some contamination from the previous site? However the next corresponding (presumed on strike) site of around E 9 875-900 did have a reading of 78ppm almost 4x background.

Line 86, 100m north again, at 150m west of the baseline the reading was the highest recorded at 1130 ppm again no outcrop no sub outcrop no creek. In addition the next 2 samples ie the next 50m (a reminder sample sites were 25m apart) were also high at 274 & 968 at the E 9 900 site again indicating an Fe source subsurface.

Line 87, a further 100m, again at 100m west of the baseline a soil sample of 179 (9x b/g) followed by a similar (168) result 50m away closer t the baseline.

Line 88, further north again by 100m, a reading of 546ppm (27x b/g) was recorded at E 9 875 (125m out from the baseline) At E 9 950 (just 50m west of the baseline a reading of 723 was recorded (36x b/g) again anomalous in the expected area but no outcrop.

Line 89, 100m further north again, 9.5x & 6.3x b/g readings at 125m and 50m west of the baseline respectively. A further reading of 144 at the E 10 000 baseline is suspected of being contaminated by passing machinery (excavator & steel tracked drill rig).

Line 90, a 100m further north , and 100m west of the baseline duplicate samples gave readings of 933 & 602 (say average 767.5 is also 38.38x back ground) is highly anomalous and is presumed also to reflect subsurface ironstone expected in this location

Line 91, yet again 100m further north at the 150m peg from the baseline there is a reading of 136 (6.8x b/g) there is no outcrop.

Line 92, a further 100m north and 1.1km from the southern line at 81) there is one anomalous reading of 372ppm (18.6x back ground) at the E 9 950 peg a mere 50m west of the baseline. A 7m wide out crop of ironstone was mapped at 23-30m in from the baseline, the reading at the 25m in peg was 55ppm (2.75x b/g) why this is a higher reading is not known, perhaps readings are better in soils (as ions) rather than as rock fragments ?

Line 93, the furthest north some 1.2km from the start at the southern anomaly and only 50m south of the vertical HQ hole in hematite NBR#6 drilled in July 2006. This line had one anomaly recorded 261ppm (13x back ground) at the E 9 975 peg ie a mere 25m in westward from the base line. Ironstone outcrop was mapped on this cross line at 20m in from the baseline to 30m in from the baseline an apparent width of 10m. So the anomaly being only 261ppm was a mere 13x back ground yet taken from soil sitting on top of the ironstone outcrop. Again it is presumed that ions migrating up through soils will give a better absolute reading than those taken from the surface of a target mineralised body.

CONCLUSIONS

Despite the lack of sampling (eg such as 1000m cross lines, and several runs over existing known areas of mineralised outcrop & subcrop ((such as the known magnetic anomaly high locations)) it is clear that this limited sampling program was a big success.

The purpose was to help better define and thus add to the mapping and interpretation of the likely location in the field of the known iron mineralisation.

From past work the southern most location of the northern (main) ironstone outcrop was at the NBR#6 drill site at local grid location N 9 3500 the furthest southern known outcrop the southern anomaly) was at N 8 200 this is 1100m (or 1.1km) of linear length between known mineralised locations.

The grid cutting and cross line preparation together with the actual soil sampling, found outcrop on lines 93 and 92 in the north thus shortening the distance between known outcrops by 150m to 950m. In the south it is likely if this baseline (and more cross lines) is extended further south and being on higher (forested & rocky) ground then the likely hood of increasing the strike length is high, as out crop was mapped on line 81 (100m) south of the previously known out crop on line 82 and the presumed location of the southern anomaly indicated by the airborne and recent ground magnetic surveys.

Thus if a line was drawn between the known mineralised locations and it is presumed that the dyke exists there buried by soils then the soil sampling (MMI) should reflect this opinion with anomalous results.

This survey in August 2009 was therefore spectacularly successful as each cross line recorded above back ground results at or near the predicted location of where the dyke should be if it was continuous and is approximately 10m further west of the baseline every 100m south of the previous cross line north.

Based on these findings some 13 new drill sites were prepared accordingly, in January 2010 and drilling will start in early February 2010 to test the presence of the predicted locations of the ironstone body ; the mineralised dyke with hematite at surface and magnetite at depth.

A map of locations and numbering is attached below and the sample site spread sheet with results and also the SGS Labs raw assay tabulated figures.

Wes Harder 18/10/2009

SOIL SAMPLES NBR August 2009												
Line ID	Local Grid		GDA 94		Sample Number	Soil	Slope/Direction	Vegetation	Depth	Comments	ASSAYS	Fe ppm
	N	E	N	E								
					Yellows are Duplicates	Identical			cm			
81	8100	9875			40501 #	#	w	forest	5	duplicate of sample 40502		192
		9875			40502 #	#	w	"	"	samples were sited exactly on the 25m mark		104
		9900			40503		w	"	"	these samples were taken last and have no GPS		31
		9925			40504		w	"	"	co ordinates as the gps battery died		12
		9950			40505		w	"	"			719
		9975			40506		w	"	"		434	
		10000	5440823	311516	40507		w	"	"	UTS co cord from surveyor's data source		274
82	8200	9850			40508		w	"	"			33
		9875			40509		w	"	"			478
		9900			40510		w	"	"			20
		9925			40511		w	"	"			26
		9950			40512		e	"	"			26
		9975			40513		e	f/grass	"		15	
		10000	5440904	311458	40514		e	f/grass	"	UTS co ord from surveyor's data		16
83	8300	9850			40515		w	forest	"			35
		9875			40516		w	"	"			81
		9900			40517		w	"	"			24
		9925			40518		w	"	"			19
		9950			40519		level/top	"	"			19
		9975			40520		e	f/grass	"		17	
		10000	5440980	311393	40521		e	grass	"	UTS co ord from surveyor's data		25
84	8400	9850			40522		w	forest	"			39
		9875			40523		w	"	"			42
		9900			40524		w	"	"			17
		9925			40525		top/level	f	"	"		24
		9950			40526		e	f/grass	"			12
		9975			40527		e	grass	"		40	
		10000	5441058	311331	40528		e	"	"	UTS co cord from surveyor's source		102
85	8500	9850		1146	40529		w	forest	"	Only E UTS available as GPS battery dying		779
		9875		1170	40530		w	"	"			78
		9900		1182	40531		w	"	"			27
		9925		1212	40532		level/top	f/grass	"			17
		9950		1224	40533		e	grass	"			17
		9975		1248	40534		e	grass	"		26	
		10000	5441143	311261	40535		e	grass	"	GPS unit switched off/on giving N co ord		451
86	8600	9850	1147	1065	40536		w	forest	"		ppm	1130
		9875	1162	1095	40537		w	forest	"		100-500	274
		9900	1167	1109	40538		level/top	f/grass	"		500+	988
		9925	1131	1131	40539		e	grass	"			13
		9950	5441155	311192	40540		e	grass	"			33
		9975	1177	1199	40541		e	grass	"		108	
		10000	5441210	311201	40542		e	grass	"		91	
87	8700	9850		1026	40543		w	forest	"			44
		9875	1184	1064	40544		w	forest	"			<1
		9900	1229	1056	40545		w	forest	"			179
		9925	1241	1080	40546		level/top	f/grass	"			48
		9950		1102	40547		level/top	grass	"			91
		9975		1119	40548		e	grass	"		168	
		10000	5441281	311136	40549		e	grass	"		17	
88	8800	9850		950	40550		w	forest	"			179
		9875		962	40551		w	forest	"			546
		9900		987	40552		level/top	f/grass	"			89
		9925		1007	40553		level/top	grass	"			37
		9950	1337	1031	40554		level/top	grass	"			723
		9975		1028	40555		e	grass	"		19	
		10000	5441361	311072	40556		e	grass	"		16	
89	8900	9850		898	40557		w	forest	"			27
		9875		913	40558		w	forest	"			188
		9900		927	40559		level/top	f/grass	"			68
		9925		945	40560		level/top	grass	"			51
		9950	1408	966	40561		level/top	grass	"	GPS low battery warning as N readings cut out		125
		9975	1424	989	40562		e	grass	"		54	
		10000	5441438	311005	40563		e	grass	"		144	
90	9000	10000	5441514	310944	40564	@	e	grass	"	duplicate of sample 40570 at baseline		22
		9900	1461	859	40565	&			"	duplicate of sample 40566		933
		9900	1461	859	40566	&	level	f/grass	"	short line (100m only to 9900E hence 2 duplicate samples)		602
		9925	1474	878	40567		level	f/grass	"			21
		9950	1490	900	40568	*	level	grass	"			23
		9975	1505	925	40569	*	e	grass	"	duplicate of 40568		33
		10000	5441514	310944	40570	@	e	grass	"		20	
91	9100	9850	1505	764	40571		w	forest	"			136
		9875	1521	785	40572		w	forest	"			27
		9900	1534	807	40573		w	forest	"			37
		9925	1548	825	40574		level	forest	"			28
		9950	1564	845	40575		level	forest	"			32
		9975	1579	860	40576		e	f/grass	"		15	
		10000	5441590	310880	40577		e	grass	"		39	
92	9200	9850	1560	715	40578		w	forest	"			12
		9875	1594	739	40579		w	forest	"			29
		9900	1610	745	40580		level	forest	"			19
		9925	1621	763	40581		level	f/grass	"			26
		9950	1633	776	40582		e	f/grass	"			372
		9975	1657	783	40583		e	f/grass	"		55	
		10000	5441667	310814	40584		e	f/grass	"		34	
93	9300	9850	1688	644	40585		w	forest	"			19
		9875	1697	653	40586		w	forest	"			19
		9900	1708	645	40587		level	f/grass	"			19
		9925	1715	686	40688		level	grass	"			42
		9950	1723	704	40589		w	f/grass	"			96
		9975	1731	727	40590		level	f/grass	"		261	
		10000	5441743	310751	40591		level	f/grass	"		22	

NELSON BAY RIVER

Scale 1: 5 000
1 cm = 50m

This Sheet
1: 7272
1cm = 7.25/2m

SHREE MINERALS LIMITED
NELSON BAY RIVER Northern Grid
EL 41/2004 (Map Base Geopecko 1981)

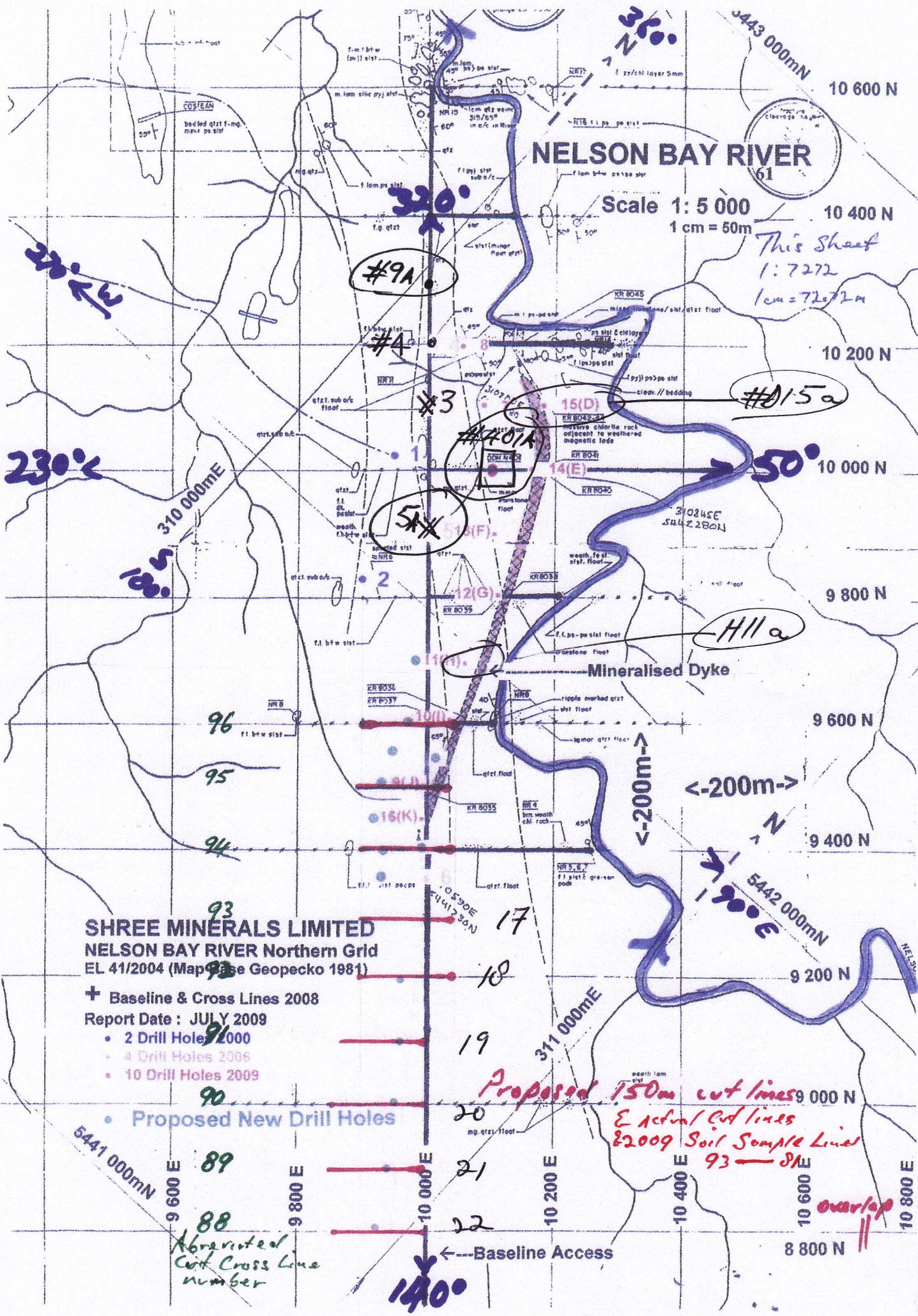
+ Baseline & Cross Lines 2008
Report Date : JULY 2009

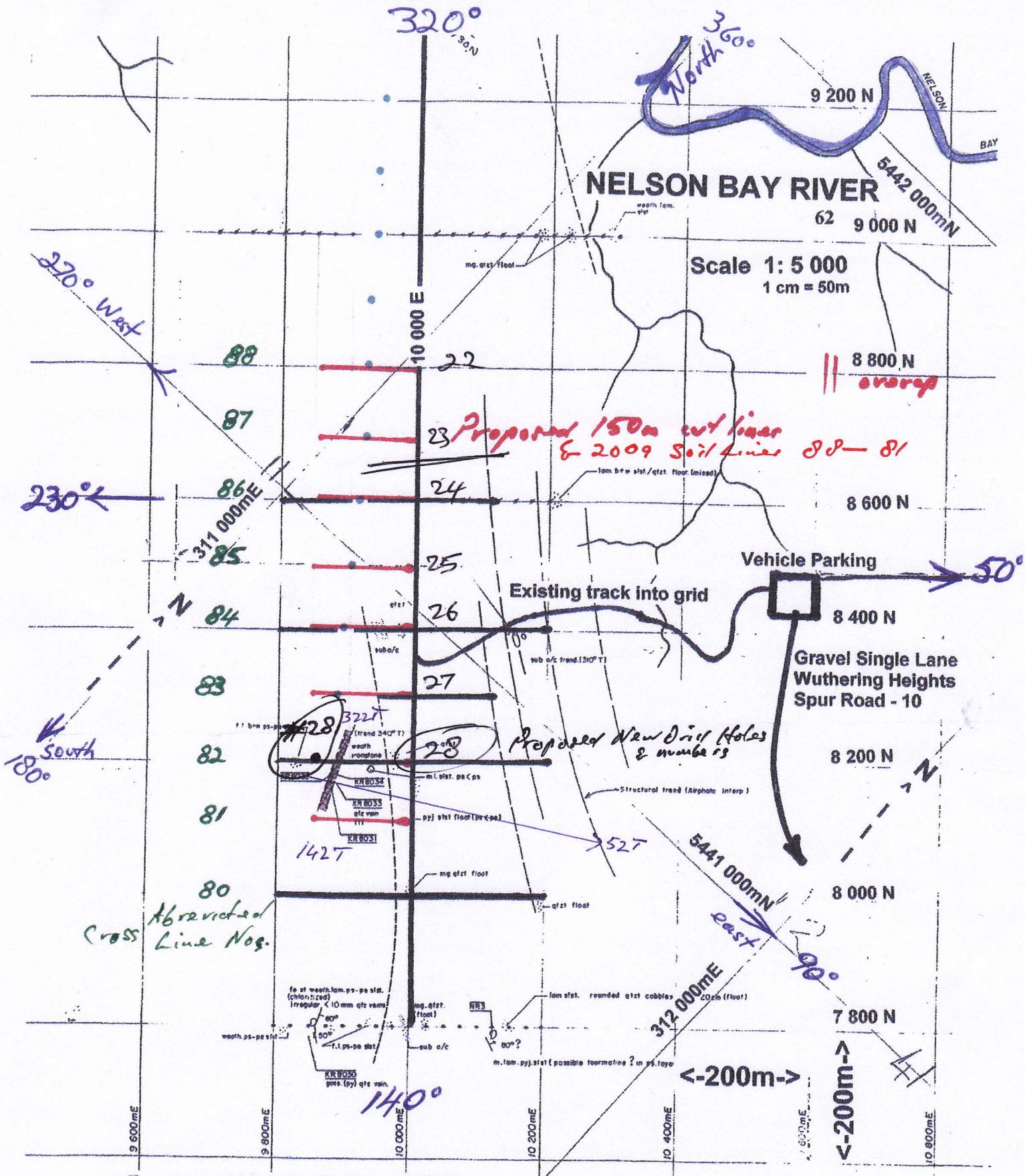
- 2 Drill Holes 2000
- 4 Drill Holes 2006
- 10 Drill Holes 2009

• Proposed New Drill Holes

*Proposed 150m cut lines
& actual cut lines
22009 Soil Sample Lines
93 — SAW*

*Abbreviated
Cut Cross Line
number*

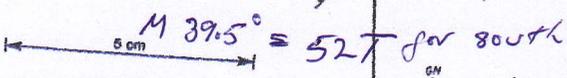




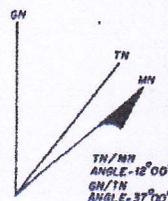
• Proposed New Drill Holes 2009

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

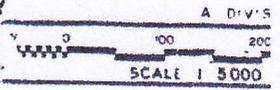
+ Baseline & Cross Lines 2008



@ -50m
 @ 40m
 @ 175m → 130m in
 45m



DATE JULY 1991
 GEOLOGIST W.H.
 DRAWN R.Tog.



E.L.1/

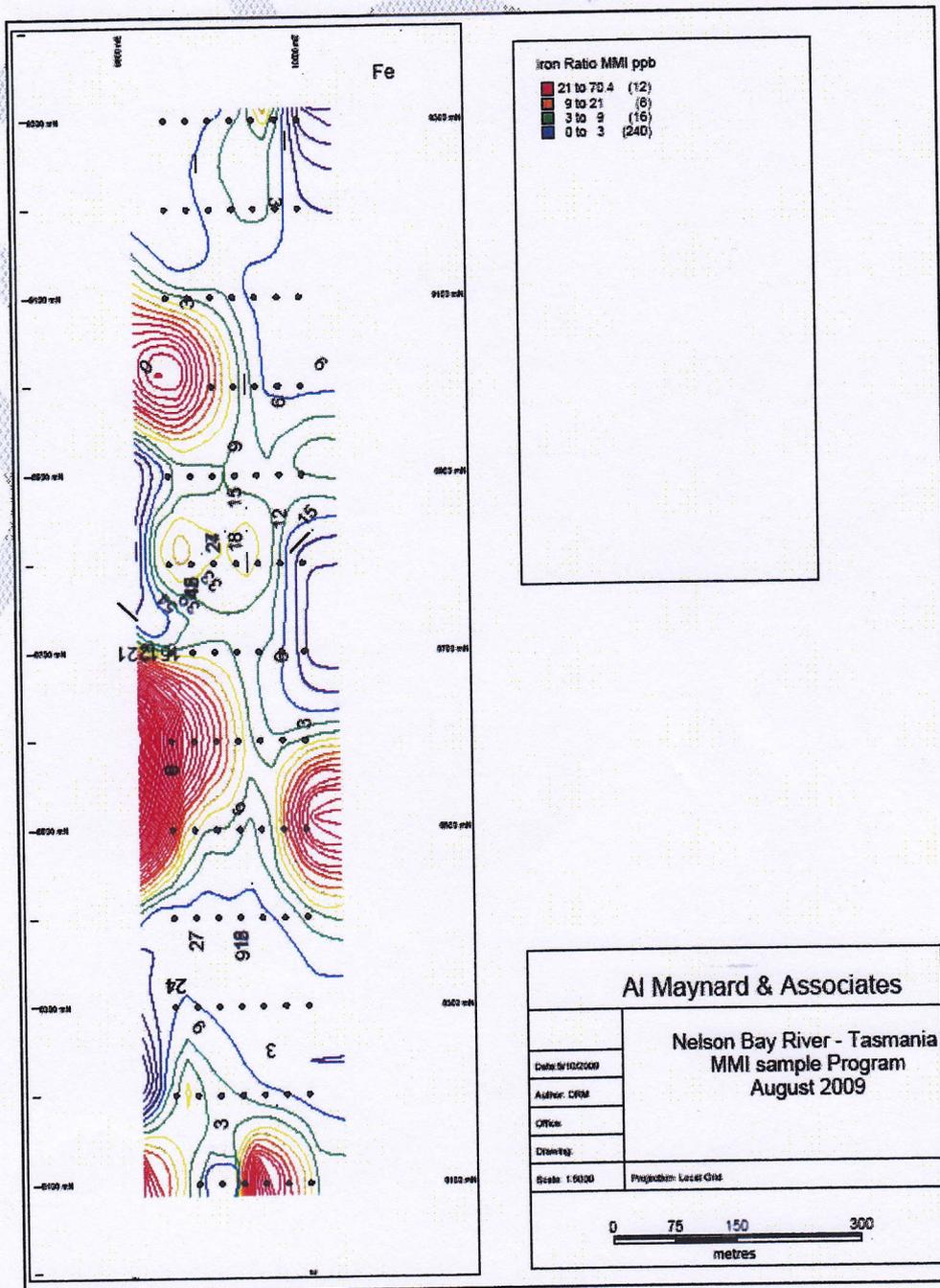
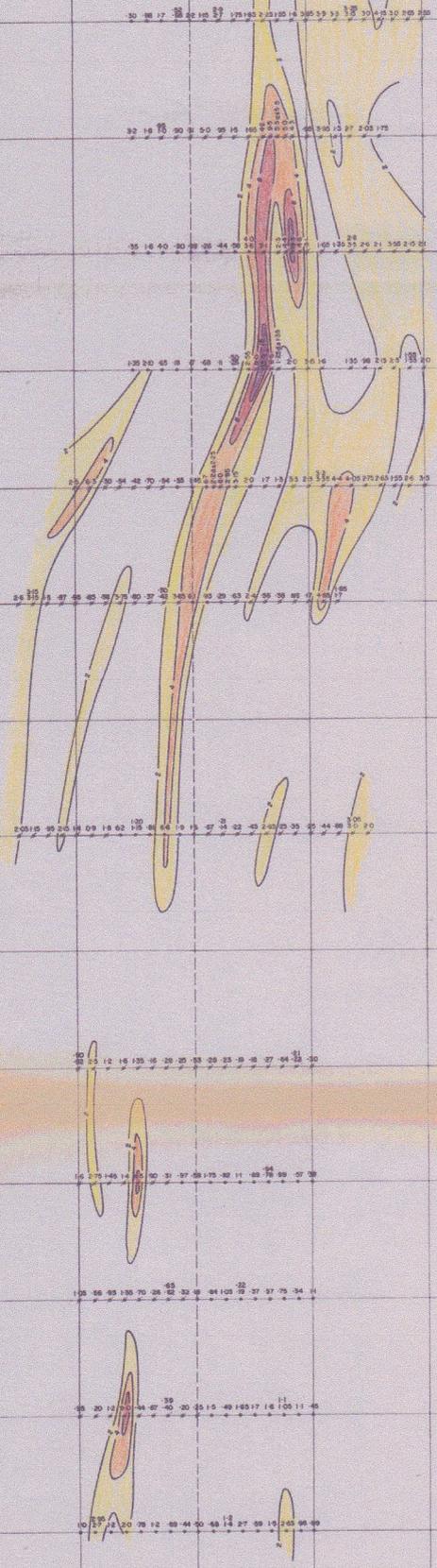


Figure 6: Nelson Bay River Partial Survey Fe Plot.



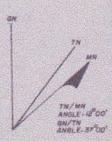
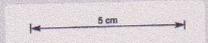
9 000mE 9 200mE 9 400mE 9 600mE 9 800mE 10 000mE 10 200mE 10 400mE 10 600mE 10 800mE 11 000mE 11 200mE

CONTOUR INTERVAL

19-6	2-3.99%
19-10	4-7.99%
19-15	8-15.99%
19-22	16% +

Panel Nos.

— INDICATE SAMPLE
— SAMPLE POSITION
— NO SAMPLE
— BELOW LEVEL OF DETECTION



DATE JULY 1988
GEOLOGIST W.H.
DRAWN R.Top.
CHECKED W.S.

GEOPEKO
A DIVISION OF PEKO-WALLSEND OPERATIONS LTD

SCALE 1:5000

NoTS 1/

**E.L.1/77 ROCKY CAPE, TASMANIA
NELSON RIVER
C-HORIZON GEOCHEMICAL RESULT
Fe Contours**

53-1797