



SHREE MINERALS LTD

ASX Announcement
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NBR DSO Project Permitting Update

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COMPANY DIRECTORS

Sanjay Loyalka
**Director and
Company Secretary**

Amu Shah
**Non-Executive
Director**

Davide Bosio
**Non-Executive
Director**

CONTACT DETAILS

**Principal &
Registered Office**
Unit 38
18 Stirling Highway
NEDLANDS WA 6009

www.shreeminerals.com

T +61 8 61181672
E: info@shreeminerals.com

Shree Minerals Ltd (“Shree” or the “Company”) has today received communication from the Chairperson, EPA Board, Tasmania that having considered the comments raised by the public representation and agency submissions, Shree should refer the current development proposal as described under DA 18/059 to the Commonwealth Government’s Department of Agriculture, Water and the Environment (DAWE) for determination under the EPBC Act in relation to the Giant Freshwater Crayfish (*Astacopsis gouldi*).

The letter noted that a survey for the Giant Freshwater Crayfish in the Nelson Bay River was initially undertaken in May 2011 to support application DA 2011/00171, and that no specimens were observed or trapped at that time. In its assessment, the Board of Environment Protection Authority (the Board) noted that the species was not found in the river during the surveys and concluded that the proposal was located at the margins of the species range. Accordingly, no conditions were imposed by the Board in relation to protection of *A. gouldi* in that approval decision. Since that time, *A. gouldi* has been identified in the Nelson Bay River during surveys conducted in 2012, 2013, 2014 and 2018.

Shree plans to have discussions with EPA and DAWE in relation to whether to refer the matter under the EPBC Act to DAWE & will look forward to advice for assessment on impact and mitigations measures with appropriate conditions in the approval decision process regarding *A. gouldi*.

Background

Permit application DA 18/059 along with Development Proposal & Environment Management Plan (“DPEMP”) for the Direct Shipping Ore (“DSO”) project at Nelson Bay River Iron Project (“NBR”) was advertised for public consultation in Dec 2021 by Circular Head Council & EPA Tasmania. EPA has this week notified Shree that the period for public consultation on this proposal has now ended and one representation was received. Comments on the project have also been received from several State Government agencies and bodies. EPA has also issued a request this week for additional information regarding Flora & Fauna and advised that an additional request for information will follow on the other issues once all information has been processed. Shree is working with its technical consultants to respond to these requests to enable the assessment process to be completed over coming months to facilitate a decision for grant of Permit.

About NBR Project

NBR Project (Mining Lease 3M/2011) is located in the far north-west of Tasmania and is approximately 150km from the Burnie Port. The location of the Mining Lease 3M/2011 is shown in Figure 1. The Project is within an established mineral province in the region. Operating mines include Grange Resources' (ASX: GRR) Savage River Iron Ore.



Figure 1: Location Plan – NW Tasmania

The Direct Shipping Ore (DSO) project at NBR is an all-contract mining, processing and haulage operation using local contractors in the region. It requires no major processing beyond crushing and screening after which the ore is then trucked to the port and shipped (Figure 2). It was developed in 2013 with the first shipment of ore leaving the Port of Burnie in January 2014. NBR project was placed on care and maintenance in June 2014 following sharp iron ore price falls.

Historical production from the previous mining campaign totalled 181,000 tonnes shipped with average grades of Fe 57.5%, SiO₂ 7.7%, Al₂O₃ 1.3%, P 0.07% and S 0.04%. Demand from historic customers was driven by positive metallurgy, specifically low impurities like alumina (Al₂O₃) and phosphorus (P).

The historic price received for NBR ore was enhanced with premiums (in line with market benchmarks) for

- low Alumina; and
- Lump. (About 40% of the DSO Iron ore at NBR is Lumps with Iron ore Fines being approx. 60%)

Historic costs during FY 2014 when the mine was last in production was approximately AUD \$ 72 per ton FOB Burnie Port (as derived from 2014 Annual Report to Shareholders).

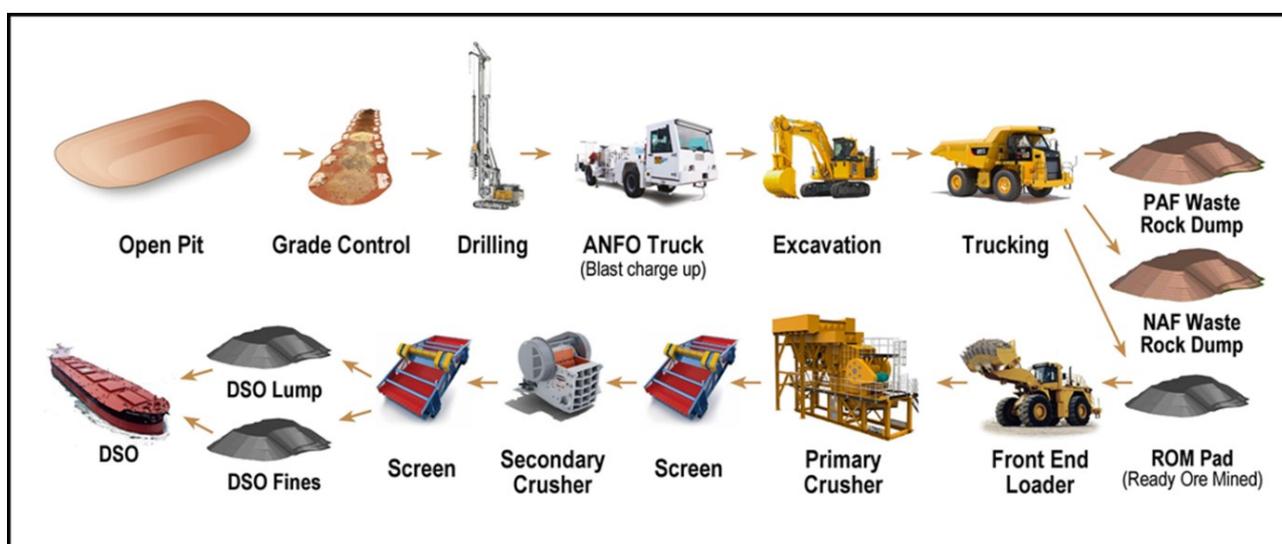


Figure 2: NBR DSO Flowchart

With the improvement in the iron ore price, the Company has been actively working to re-permit the NBR. The strategy has been to recommence the production of the DSO resources from the existing open pit at NBR. To resolve legal issues with the existing permit, in August 2018, the Company applied for a new Tasmanian environmental permit covering the DSO operations. After public consultation, the EPA issued guidelines for the preparation of a DPEMP. Working towards adopting this framework, the Company has completed the requisite technical studies to develop the DPEMP.

Iron Ore prices while volatile, are forecast to remain at healthy levels. Any near-term supply response is expected to be limited, particularly with little latent capacity left at major Iron Ore exporting ports and railways in Australia. As Iron Ore Prices remain healthy, there has been further improvement in premiums for material with lower impurities like low alumina (like the NBR DSO product) as Chinese authorities continue emphasis on environment control.

The DSO pit is some 25% complete, with waste rock materials deposited in two dumps designated as the Non-Acid Forming (“NAF”) waste rock dump and the Potentially Acid Forming (“PAF”) waste rock dump.

Figure 3 shows the existing mine development on site. The main features are the DSO pit and waste dumps. Other elements are the mine water treatment dams, ROM stockpile area and the facilities area.

Figure 4 shows the proposed development at completion of the DSO pit.



Figure 3: Existing development NBR DSO project (Source: Google Earth)

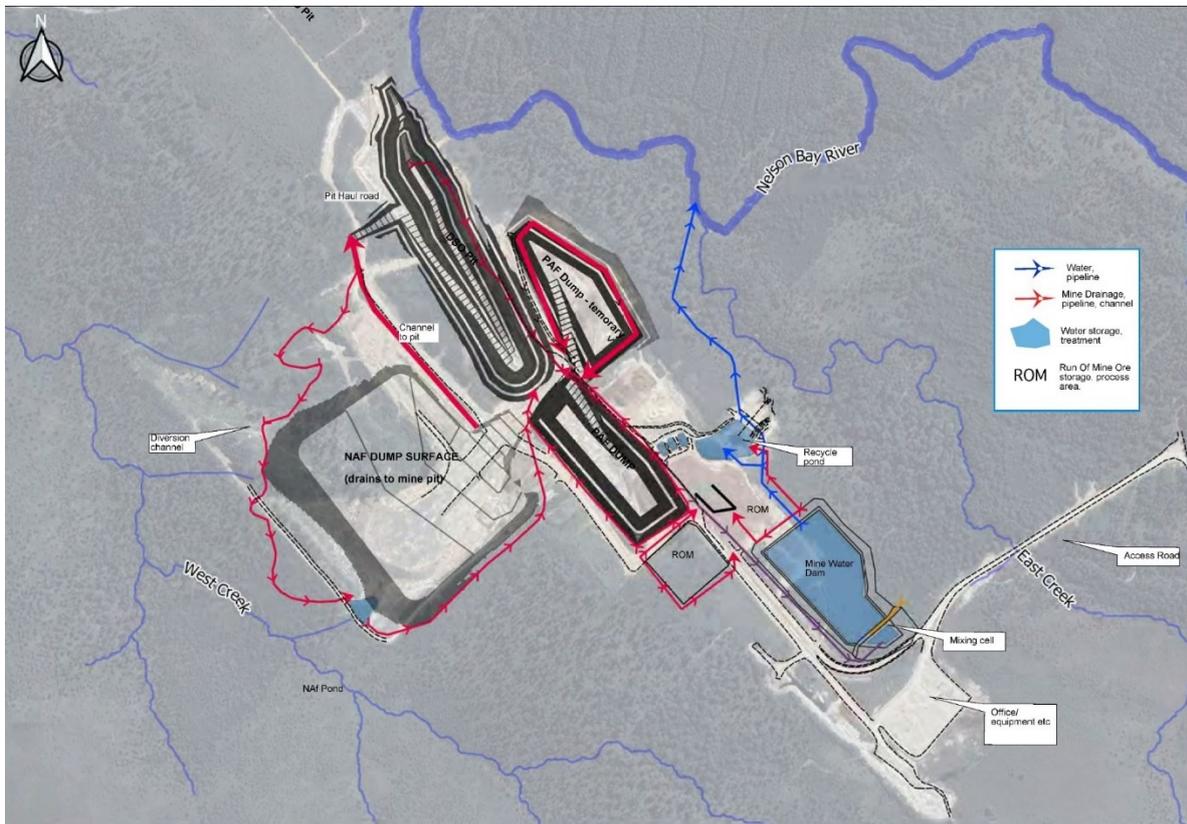


Figure 4: Proposed development NBR DSO project

The next stage after completion of DSO pit will be the north pit that targets the main magnetite ore body. At the top of this pit, there is an approximate 20 metre section of higher-grade ore - the beneficial oxide resource (“BFO”). This will require only dry magnetic separation in addition to crushing and screening before shipping. The BFO operation is a transition between the DSO operation and the magnetite production stage. The BFO circuit will require only a nominal capital expenditure of circa A\$1 million. The BFO section is fed by a -3mm size ore stream, which is upgraded by dry Low Intensity Magnetic Separation (“LIMS”). Test work by crushing and passing the ore over a coarse LIMS unit at 600 gauss pass produced an upgraded product with grades Fe 57.5%, SiO₂ 11.5% and Al₂O₃ 1.55% at 82.3% mass recovery.

For the magnetite project, completed studies have mine planning for an open pit that will extract ore for processing through a local plant that will include circuits to grind, mill, magnetically separate to produce high grade magnetite concentrate for Blast Furnace Pellets (“BFP”) and Dense Media Magnetite (“DMM”). Magnetite Pellets fetch a premium to hematite iron ore as they are higher grade and allow for less energy consumption in blast furnace.

Resources

NBR has a JORC compliant global iron Mineral Resource of 11.3Mt, including goethite-hematite Mineral Resource of 1.4Mt and Magnetite Mineral Resource of 7.8Mt. (Refer Company’s ASX announcement released on 14th October 2021)

Exploration

The current Resource at NBR covers approximately 1km in strike length of goethite-hematite mineralisation including approximately 400 metres of magnetite. It is based on drilling at the northern end of the strike line, where magnetic survey work indicated that the main strike line of mineralisation extends for at least 2,300 metres and is open along strike and at depth. The mineralisation in some cases is deeper than 300 metres.

A study of ground magnetics by Shree and the Tasmanian Government’s airborne magnetic survey data suggests that the strike length of iron mineralisation at NBR extends to in excess of 2.3km. Mineralisation remains open along strike and down dip and in some parts extends to greater than 300 metres in depth.

The 3D Magnetic Inversion study based on aeromagnetic data from Mineral Resources Tasmania (“MRT”) suggests continuity between the Main Body (Northern Anomaly) and the South Anomaly, but with in-between areas of non-magnetic material that could be inferred to be oxide mineralisation (Figure 5). Scattered detrital gossan fragments were noticed during recent reconnaissance in the Southern Anomaly area. The modelling indicates substantial continuation at depth of the magnetite-bearing ultramafic dyke.

This provides exploration upside for Shree. In addition to the NBR deposit, four additional targets have been identified from airborne magnetic surveys on the project area and remain to be drill tested.

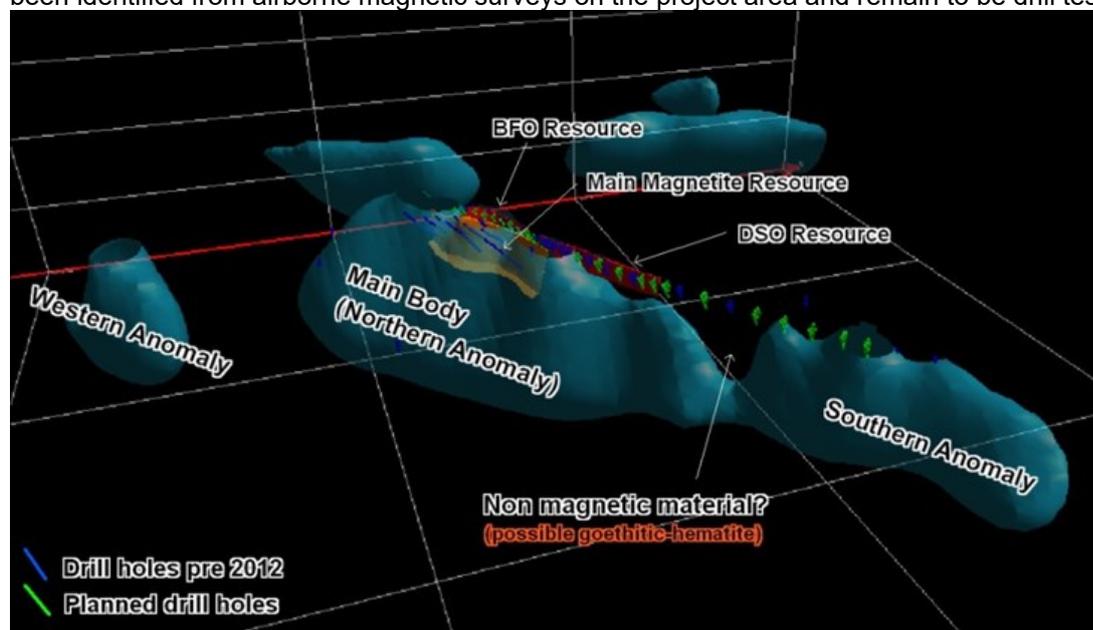


Figure 5: 3D Magnetic Inversion Study (Source: SHH)

Disclaimer

Shree Minerals Limited has prepared this announcement based on information available to it at the time of preparation.

This announcement contains a number of forward-looking statements. Such statements may include, but are not limited to, the outlook for minerals and metals prices, the outlook for economic recovery and trends in the trading environment, the timing of new projects etc. Known and unknown risks and uncertainties, and factors outside of Shree’s control, may cause the actual results, performance, and achievements of Shree to differ materially from those expressed or implied in this announcement.

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The release of this document to the market has been authorised by the Board of Shree Mineral Ltd