



ASX ANNOUNCEMENT

11 FEBRUARY 2011

Shaw River Completes Acquisition of 75.5% Interest in Namibian Manganese Project

Highlights

- Acquisition of a 75.5% interest in the Otjozondou Manganese Project in Namibia completed
- Maiden Resource Estimate is expected by March 2011
- Feasibility study is expected to begin in March 2011
- Shaw River well funded post acquisition to progress manganese portfolio, including drilling over the coming months in Australia, Ghana and Namibia, with over \$6.0million cash
- Shaw River's major shareholder's Atlas Iron and OM Holdings demonstrate strong support

Shaw River Resources Limited ("Shaw River" or "the Company") (ASX Code: SRR) is pleased to announce that it has completed the acquisition of a 75.5% interest in the Otjozondou Manganese Project in Namibia ("Otjo"). The Company will now commence Reserve drilling and a feasibility study on this near-term manganese development project.

The settlement of this acquisition follows the completion of an extensive due diligence program, shareholder approval and receipt of approvals from Namibian authorities for the transaction.

Shaw River's Managing Director, Mr Vincent Algar said: "By securing this near term manganese production opportunity, we provide Shaw River shareholders with the opportunity become part of global manganese production as early as 2012. Shaw River will join the very select ranks of ASX listed manganese producers including BHP Limited, Mineral Resources Limited and OM Holdings Limited."

"Shaw River thanks its major shareholders, Atlas Iron Limited and OM Holdings Limited, for their support," Mr Algar added. "This support demonstrates the potential our shareholders see in the Otjo project and Otjo's potential to transform the Company into a significant manganese producer and explorer."

Progress at Otjo will be swift within the first six months of ownership with Shaw River focusing on the following

- Outlining a maiden JORC resource at Otjo in the March 2011 quarter,
- Commencing a feasibility study which is expected by completed in October 2011,
- 10,000m of additional drilling to expand the resource base, with a resource/reserve upgrade expected in July 2011.

The Company's timeline is aggressive and will see Otjo deliver considerable shareholder wealth with Shaw River targeting commencing manganese production in 2012.

Shaw River will continue its strategy to progress its advanced manganese projects in Australia and Ghana, with drill programmes planned in both countries over the coming months.

Payment of Consideration

The payment of the up-front consideration (i.e. excluding royalty) to the four unrelated vendors has been made. The payment includes:

- Payment of US\$5,130,000 in cash funded through the placement to Atlas Iron Limited and OM Holdings Limited (the placement to major shareholders is detailed below);
- The issue to the vendors of:
 - 31,495,417 Shaw River shares (subject to 12 month escrow);
 - 2,053,114 Atlas shares via a loan from Atlas which will be repaid within 5 months; and
- 45 million unlisted 5 year Shaw River options exercisable at A\$0.20 each.

Placement to Major Shareholders and Loan

Shaw River's two largest shareholders maintained their respective shareholdings through a placement at the same time as the consideration was paid to the vendors of the Otjo project. The issue of 42.2 million Shares to Atlas and OM was approved by Shareholders at a General Meeting on 21 January 2011.

The structure of the consideration ensures Shaw River is well funded to progress immediate activity across its manganese project portfolio, including Otjo. Shaw River has maintained a cash position of over \$6.0 million following the acquisition.

Please see the Appendix 3B in relation to the consideration and the placement above released today.

About Otjo

Shaw River has acquired a 75.5% interest in Otjo through the purchase of 100% of Otjozondou Holdings Pty Ltd, a Namibian company that holds a 75.5% stake in Otjo.

Otjo, is located 150km north-east of the Namibian capital of Windhoek and lies in a historical manganese field which has produced in aggregate approximately 500,000t of high grade (~50%) manganese since the 1950's. Recently, the Otjo Project has produced manganese on a trial mining basis at a relatively limited rate, using equipment capable of producing 120,000 per year grading approximately 38% manganese. The Otjo Project's operating costs, scale and product quality delivery can be vastly improved with adequate planning, testwork, capital investment and best practice operations management.

Extensive technical due diligence undertaken by Shaw River has concluded that there is excellent potential to increase the manganese inventory. This confidence stems in part from the fact that the Vendor has provided evidence, confirmed by Shaw River, of an exploration target at 35 to 50 million tonnes grading 23% to 27% manganese contained in seven deposits which cover just 24% of the total 44km interpreted strike length at Otjo. Importantly, most of the existing drilling (diamond drilling - 22,000 metres and RC drilling - 11,000 metres) at Otjo does not extend below 85m depth. Shaw River will immediately undertake a resource/reserve definition drilling program in the first half of 2011 and expects to report a maiden JORC Inferred Resource estimate at Otjo in March 2011.

Shaw River's technical due diligence, including multiple site visits, technical reviews and logistics due diligence, has confirmed that the introduction of modern technology, mine planning practices and processing expertise could see production commence in early 2012. This would involve the use of a jigging or dense media separation plant, which would produce manganese lump and fines products. Shaw River is

targeting to double production at Otjo within five years. A feasibility study will commencing immediately, to guide development for an open cut mining operation, targeting commencing production in 2012.

Shaw River proposes to use a combination of existing road and rail infrastructure to transport ore 538km to the Walvis Bay port where it will be loaded onto Handymax-sized vessels of up to 25,000 tonnes. The 24.5% project partner, Oreport (subsidiary of JSE listed Grindrod SA) brings with it a number of infrastructure advantages including control of the bulk commodity port facilities at Walvis Bay, the largest port in Namibia.



Manganese at Otjozundu (Otjo) Project, Namibia

About Shaw River Resources

Shaw River is a manganese explorer and developer, currently operating manganese projects in the Pilbara, Ghana and Namibia. Shaw River's acquisition of a 75.5% interest in the Otjozundu Manganese Project in Namibia, will fast track the achievement of the Company's goal of becoming a global manganese producer. Shaw River offers excellent exposure to this strategic metal, critical to the global steel industry. Manganese offers investors the benefits of a high unit sale price, strong global demand and low capital and time costs for the development of feasible projects. In 2011, Shaw River will continue to aggressively advance its projects at including the Otjozundu (Namibia) project, Baramine (Pilbara) projects, Butre (Ghana) and Skull Springs (Pilbara) projects. Shaw River is maintaining its active manganese project acquisition strategy as it continues to build its manganese project pipeline.

Shaw River's largest shareholder, Atlas Iron Limited (45.42%), is a strong supporter of Shaw River's manganese strategy.

For further details, contact Vincent Algar, Managing Director, on (08) 9226 4455.

Competent Person Statement

The information in this report to which this statement is attached that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Vincent Algar and Mr Adriaan du Toit who are Members of the Australasian Institute of Mining and Metallurgy. Mr Vincent Algar is a full-time employee of the company and Mr Adriaan du Toit, consultant, and who have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Vincent Algar and Mr Adriaan du Toit consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Forward Looking and Exploration Target Statements

Some statements in this announcement regarding future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward-looking statements include, but are not limited to, statements concerning the Company's exploration programme, outlook, target sizes, resource and mineralised material estimates. They include statements preceded by words such as "potential", "target", "scheduled", "planned", "estimate", "possible", "future", "prospective" and similar expressions. The terms "Direct Shipping Ore (DSO)", "Target" and "Exploration Target", where used in this announcement, should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004), and therefore the terms have not been used in this context. Exploration Targets are conceptual in nature and it is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Reserve.

