Shaw River Manganese Limited

ASX Announcement

3 January, 2012

High-Grade Results Pave Way for Resource Upgrade at Otjo

Resource Upgrade on Track for Jan 2012, Feasibility Study Well Advanced

Highlights

- *New drilling results from Otjo Manganese Project in Namibia confirm and extend presence of a consistent high-grade (+40% Mn) zone at the Labusrus Deposit, close to surface and existing processing facilities over a strike length of 750 metres*

- *New drilling results include (see Table 2 for full details);*
  - ***Labusrus Deposit***
    - *7.29m @ 27.75% Mn from 7.2m incl 1.81m @ 45.13% Mn from 12.68m in LABDH0003A*
    - *8.31m @ 28.23% Mn from 2.69m incl 3.19m @ 29.87% Mn from 3.19m and 1.35m @ 44.38% Mn from 9.15m in LABDH0005*
    - *8.25m @ 28.53% Mn from 8.42m incl 2.28m @ 31.7% Mn from 8.72m and 1.67m @ 42.89% Mn in LABD0001*
    - *4.3m @ 27.43% Mn from 14.7m incl 1.3m @ 38.28% Mn from 14.7m in LABDH0002*
    - *6m @ 25.64% Mn from 7m incl 1m @ 42.74 Mn from 11m in LAB_RC_109*
    - *3m @ 27.7% Mn from 10m incl 1m @ 41.2% Mn from 11m in LAB_RC_104*
  - ***Bosrand Deposit***
    - *4m @ 25.26% Mn from 41m incl 2m @ 32.61% Mn from 43m, 3m @ 26.28% Mn from 49m incl 1m @ 32.36% Mn from 50m, 2m @ 28% Mn from 54m incl 1m @ 40.31% Mn from 54m in BOSRC2003*
    - *6m @ 25.38 % Mn from 25m and 10m @ 22.35% Mn from 36m including 1m @ 34.73% Mn and 5m @ 20.74% Mn from 49m in BOSRC2006*
    - *14m @ 25.23% Mn from 86m incl 7m @ 34.45% Mn from 89m in BOSRC2007*
    - *4m @ 31.15% Mn from 51m and 6m @ 16.15% Mn from 70m in BOSRC2005*
  - ***North Bosrand Deposit***
    - *9.53m @ 21.82% Mn from 4.37m incl 1.27m @32.11% Mn from 4.78m in NBOSDH0002*
  - ***Ouparakane Deposit***
    - *5m @ 31.05% Mn from 20m incl 3m @ 33.72% Mn from 21m in OUPRC005*
    - *6m @ 27.42 % Mn from 9m incl 1m @31 % Mn from 12m in OUPRC002*
    - *9m @ 21.75% Mn from 18m in OUPRC006*

- *Resource upgrade is currently underway and is expected to be delivered in January 2012*

- *Inferred Resources at Otjo currently stand at **6.8Mt at 23% Mn** with a Project Exploration Target of **35-50Mt grading 23-27% Mn****

Shaw River Manganese Limited (ASX: SRR) is pleased to report that the latest results from drilling at its 75.5% owned **Otjozondu Manganese Project** (Otjo) in Namibia have highlighted the presence of a substantial high-grade zone measuring +40% Mn over a strike length of 750 metres.

The results, which are the final batch from Shaw River's extensive diamond and RC drilling program, will help underpin a resource upgrade at Otjo, which is on track for release later in January 2012.

Results

The recently completed major drilling program comprised 6,205 metres of RC drilling and 1,718 metres of diamond drilling. The initial round of drilling was focussed on the Bosrand deposit, which currently has an Inferred Resource of 2.75Mt grading 24% Mn, and the Labusrus deposit, which currently has an Inferred Resource of 0.9Mt grading 26.9% Mn (see Figures 2 and 3 below).

Bosrand and Labusrus are expected to make a significant contribution towards growing the manganese resource inventory at Otjo, where the Company is progressing a Feasibility Study to start production of manganese ore for export from Namibia.

The new drilling results also confirmed the presence of a high-grade (+40% Mn) horizon located within the wider mineralised zone at the Labusrus Deposit (defined by a grade of Mn >15%), located along 1km of strike and within 200 metres north of Otjo's existing processing infrastructure.

Some historical intersections at Labusrus at greater than 40% Mn include;

- **4.08m @ 45.35% Mn** from 47.51m in J259_096 (part of mineralisation which begins at 10m depth and includes 14.76m @ 28.24% Mn from 19.64m)
- **1.65m @ 43.86% Mn** from 64.55m in J211_085 (part of 9.92m @ 23.66% Mn from 56.68m)
- **2.55m @40.39% Mn** from 3.65m **and 2.16m @ 42.71% Mn** from 17.7m in J145_045 (high grades as part of two wider zones, first 9.51m @ 25.11% Mn from 3.3m and **3.57m @ 35.3% Mn** from 16.75m)

The final results include new drilling from the Ouparakane Deposit (see Figure 4), which form part of a new resource area for the Project. Ouparakane, which returned assay intervals up to 33.7% Mn from shallow drilling, is typical of many target areas at Otjo. These areas are characterised by outcropping manganese, predictable geology, historical shallow mining, stockpiles of hand-sorted ore and wide spaced drilling. At Ouparakane, historical drilling had identified intersections over a strike length of 750 metres including;

- **5.78m @ 30.86% Mn** from 17.32m and **3.07m @ 38.32 % Mn** from 25.9m in I888_454
- **2.61m @ 35.84 % Mn** from 56.33m in I887_457
- **3.56m @ 33.93% Mn** and **4.35m @ 34.43% Mn** from 24.62m in I888_454
- **3.81m @ 33.77% Mn** from 20.44m in I137_444
- **2.96m @ 31.03% Mn** from 40.2m in I865_450

Mineralisation at Otjo is generally outcropping and dips steeply to the north. Manganese mineralisation is known to continue to depths of up to 250 metres below surface. The recent drilling has confirmed the presence of significant manganese horizons which are complementary to, and extend the potential of, a number of prospect areas at Otjo, such as Ouparakane.

Overall, 132 drill holes out of 212 holes drilled in the program returned significant manganese intervals greater than 15% Mn, with 74 holes reporting intervals greater than 30% Mn. 12 holes in the program intersected greater than 40% Mn.

Shaw River Managing Director, Vincent Algar, said the drilling program had been highly successful.

"The intersection of a consistent, high-grade (+40% Mn) zone in the Labusrus deposit area over 750 metres of strike is an added bonus to a very beneficial program for shareholders," Mr Algar said. "The new information gives us an excellent base to revise our resources and an updated resource model is underway."

"We are rapidly gathering the information we need to develop and optimise a mine plan for Otjo, which is being used in the ongoing Feasibility Study. Initial work suggests that Otjo has the potential to enjoy low mining costs because most of it outcrops and the potential open pits will be relatively shallow."

Current Inferred Resources

Shaw River holds exploration and mining licences over 1,700km^2 covering 144km of the strike of the Otjozondu Manganese Field in Namibia. Otjo currently has defined Inferred JORC resources of 6.8Mt at 23.1% Mn (see Table 1 and Competent Persons Statement). The current resources are based on 33,000m of historical drilling (22,000m of diamond drilling and 11,000m of RC drilling). The details of the current Inferred Resource are provided below:

Table 1 – Otjozondu Manganese Project: Mineral Resource Summary
(Deposit lies entirely within granted Mining Lease)

Deposit (using 15% Mn Cutoff)	Mt	Mn%	Fe %	P%	Category
Labusrus*	0.89	25.9	14.2	0.09	Inferred
North Bosrand*	1.33	22.9	14.2	0.02	Inferred
Bosrand*	2.75	22.6	13.5	0.03	Inferred
Uitkomst	1.84	22.7	14.0	0.03	Inferred
Total	**6.81**	**23.1**	**13.9**	**0.04**	**Inferred**

A resource upgrade is currently underway and expected to be delivered this month.

Otjo Exploration Activities for 2012

Having now received all assays from Shaw River's Otjo drilling program, a resource upgrade calculation by independent consultants is underway. This is expected to be completed in January 2012, and will focus on increasing the confidence in the resources at Otjo. This resource upgrade will feed into key decisions for the Feasibility Study being conducted on the Otjo Project. The study is focused on production of a gravity-beneficiated manganese lump ore for export via the Port of Walvis Bay.

Historical production from the Project, as well as current production by a neighbouring operator, point towards upgrading of in-situ material to manganese products between 36 and 42% Mn. Shaw River's geological field team in Namibia has recently commenced regional soil sampling programs over a range of magnetic and EM targets on its leases. Figure 5 shows the licence areas and underlying geophysics as well as the current targets being assessed by soil sampling and mapping. These sampling and target generation programs will continue into 2012, providing low-cost value-adding opportunities for Otjo as new drill targets are generated from the field work.

Exploration and resource drilling at Otjo will remain a focus for the exploration team at Otjo in 2012 and will resume in the first quarter of 2012. The aim of the drilling is to further expand the resource base to underpin the project development and continue to work towards the Project Exploration Target of 35-50Mt grading 23-27% Mn*.

About Shaw River Manganese

Shaw River is a manganese explorer and developer, currently exploring manganese projects in Namibia, Australia (the Pilbara) and Ghana. Shaw River's acquisition of a 75.5% interest in the Otjozondu Manganese Project in Namibia, will fast track the Company's goal of becoming a significant global manganese producer. Shaw River is currently undertaking a feasibility study which assesses the ability of the Otjozondu Project to produce at 250,000 tons per year initially and ramping up to 500,000 tons per year of manganese ore for export from Namibia.

Shaw River offers excellent exposure to this strategic metal, critical to the global steel industry. Manganese is a metal used in the steel industry and has no known substitute in modern steelmaking processes. Manganese ore 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.

Shaw River is currently aggressively advancing its projects at Otjozondu (Namibia), Baramine (Australia – the Pilbara), Butre (Ghana). 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.

For media inquiries, contact Paul Armstrong or Nicholas Read from Read Corporate on (08) 9388 1474

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 of Shaw River Manganese Ltd and Mr. Adriaan du Toit of Aemco Pty Ltd 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, an independent consultant, 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.

**** Exploration Target Statement**:*

The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Table 2 Significant Manganese RC and Diamond drill Intersections, current program, Otjo.

Area	Hole	North	East	From (m)	To (m)	Metres	Mn%
Bosrand	**BOSDH0011**	7658360.9	195697.37	12.26	17.51	5.25	19.41
Bosrand	**BOSDH0023**	7658324.57	195656.13	1.5	6.65	5.15	16.59
Bosrand	**BOSDH0024**	7658322.68	195657.95	29.1	39.15	10.05	21.09
Bosrand	**BOSRC2003**	7658697.82	196206.37	41	45	4	25.26
			Includes	**43**	**45**	**2**	**32.61**
				49	52	3	26.28
			Includes	**50**	**51**	**1**	**32.36**
				54	56	2	28.0
				54	**55**	**1**	**40.31**
Bosrand	**BOSRC2005**	7658719.35	196191.1	51	55	4	31.15
				70	76	6	16.15
Bosrand	**BOSRC2006**	7658669.2	196160.25	25	31	6	25.38
				36	46	10	22.25
			Includes	**42**	**43**	**1**	**34.73**
				49	54	5	20.74
Bosrand	**BOSRC2007**	7658695.69	196144.28	86	100	14	25.23
			Includes	**89**	**96**	**7**	**34.46**
Bosrand	**BOSRC2008**	7658664.41	196092.99	51	52	1	32.73
Labusrus	**LAB_RC_095**	7650847.13	192242.45	12	16	4	19.76
				28	**31**	**3**	**37.82**
Labusrus	**LAB_RC_104**	7650789.79	192084.45	10	13	3	27.7
			Includes	**11**	**12**	**1**	**41.2**
Labusrus	**LAB_RC_105**	7650784.85	192028.24	7	12	5	25.33
			Includes	**7**	**8**	**1**	**33.51**
Labusrus	**LAB_RC_106**	7650781.9	191981.64	12	18	6	19.49
Labusrus	**LAB_RC_109**	7650777.76	191929.91	7	13	6	25.64
			Includes	**11**	**12**	**1**	**42.74**
Labusrus	**LAB_RC_121**	7650986.04	192576.2	52	56	4	22.93
				67	**70**	**3**	**31.38**
			Includes	**68**	**70**	**2**	**35.42**
Labusrus	**LAB_RC_122**	7650991.25	192648.64	28	31	3	24.11
				34	43	9	21.64
				45	50	5	28.06
			Includes	**48**	**50**	**2**	**37.61**
Labusrus	**LABDH0001**	7650782.79	192007.56	8.42	16.67	8.25	28.53
			Includes	8.72	11	2.28	31.7
				14.45	**16.1**	**1.67**	**42.89**
Labusrus	**LABDH0002**	7650786.61	191953.89	14.7	19	4.3	27.43

Area	Hole	North	East	From (m)	To (m)	Metres	Mn%
			Includes	**14.7**	**16**	**1.3**	**38.28**
Labusrus	**LABDH0003**	7650773.09	191899.7	7.1	11.4	4.31	25.36
Labusrus	**LABDH0003A**	7650773.09	191899.7	7.2	14.49	7.29	27.75
			Includes	**12.68**	**14.49**	**1.81**	**45.13**
Labusrus	**LABDH0004**	7650758.5	191858.54	7.12	15.43	8.31	29.36
			Includes	**8**	**11**	**3**	**33.73**
Labusrus	**LABDH0005**	7650754	191808.15	2.69	11	8.31	28.23
			Includes	3.19	6.2	3.01	29.87
			and	**9.15**	**10.5**	**1.35**	**44.38**
Labusrus	**LABRC2007**	7650872.14	192261.44	19	25	6	25.12
			Includes	21	23	2	30.63
North Bosrand	**NBOSDH0002**	7660358.48	197233.86	4.37	13.9	9.53	21.82
			Includes	**4.78**	**6.05**	**1.27**	**32.11**
Ouparakane	**OUPRC001**	7654549.85	188934.46	12	16	4	25.47
Ouparakane	**OUPRC002**	7654567.94	188977.86	9	15	6	27.42
			Includes	**12**	**13**	**1**	**31**
Ouparakane	**OUPRC005**	7654526.17	**188766.82**	**20**	**25**	**5**	**31.05**
			Includes	**21**	**24**	**3**	**33.72**
Ouparakane	**OUPRC006**	7654519.92	188710.93	18	27	9	21.75

Vertical and angle holes. RC drilling samples; riffle split, 2-5kg samples, Analysis by X-Ray Fluorescence at Australian Certified Laboratory. Diamond drilling samples; NQ core half split. Analysis by X-Ray Fluorescence at Australian Certified Laboratory. Cutoff grade used for significant intersections: Greater than 15%Mn.

Figure 1 Location Diagram Otjo Project, Namibia

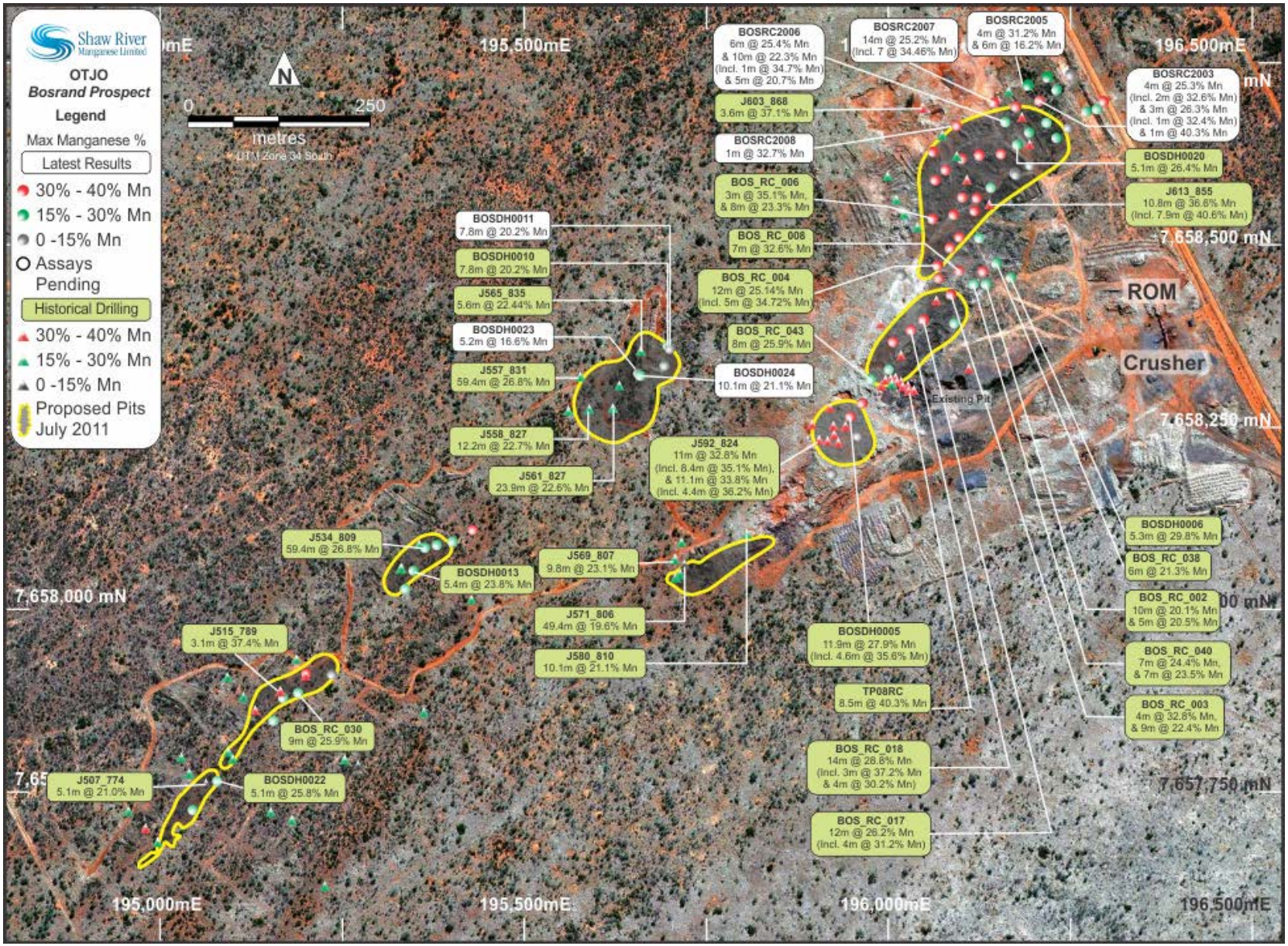

Figure 2 Bosrand Drilling

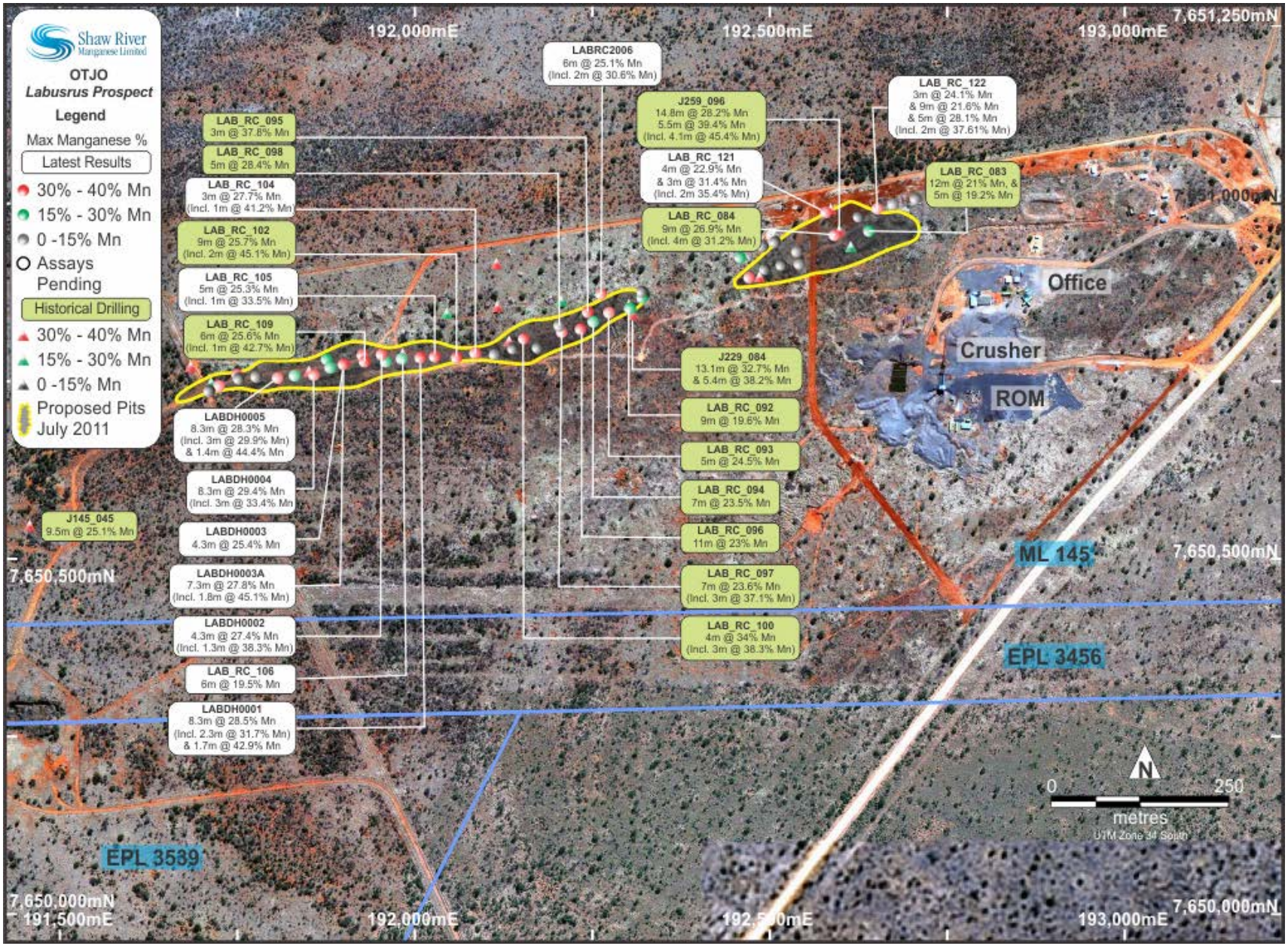

Figure 3 Labusrus Drilling

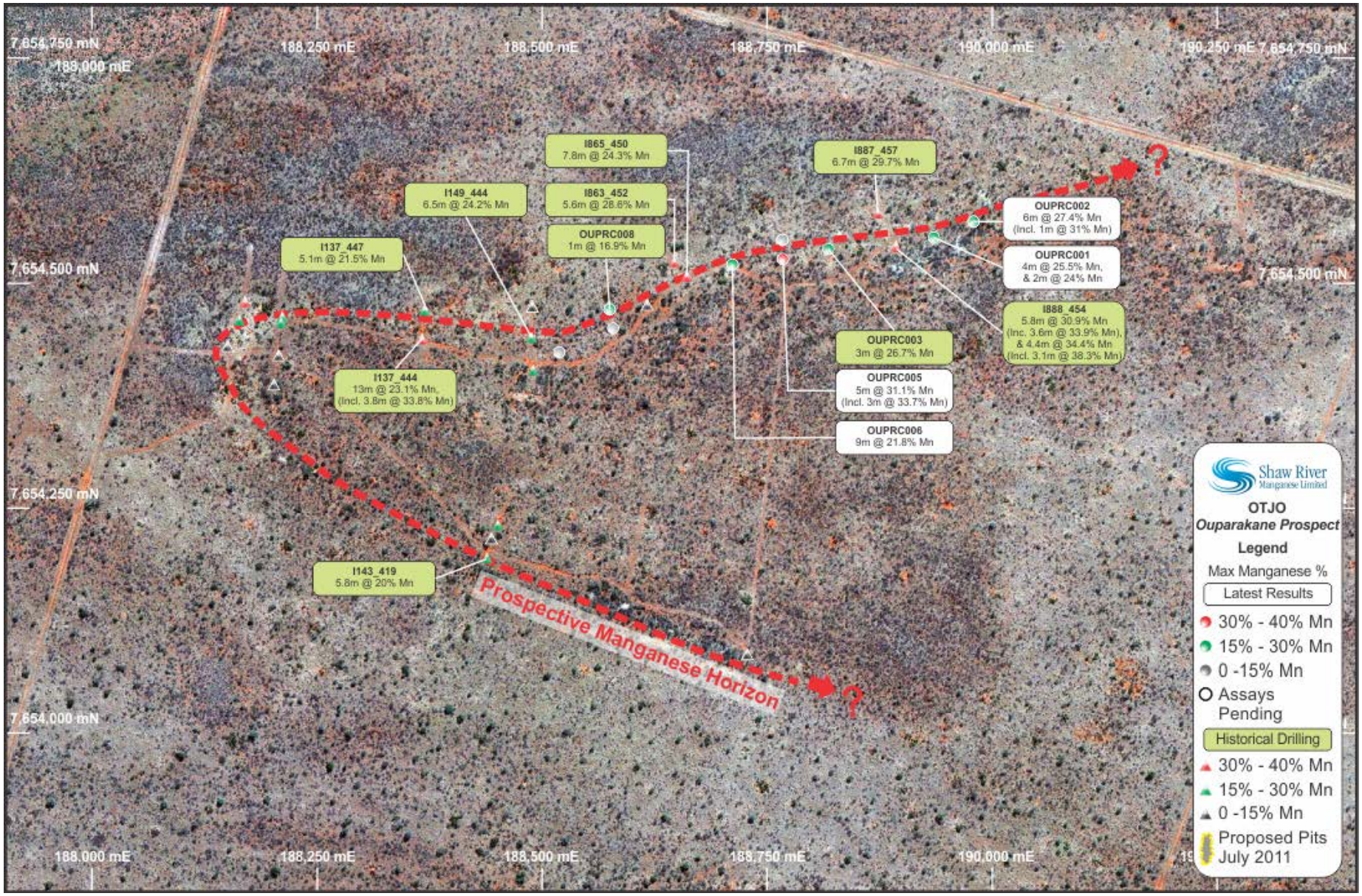

Figure 4 Ouparakane Drilling

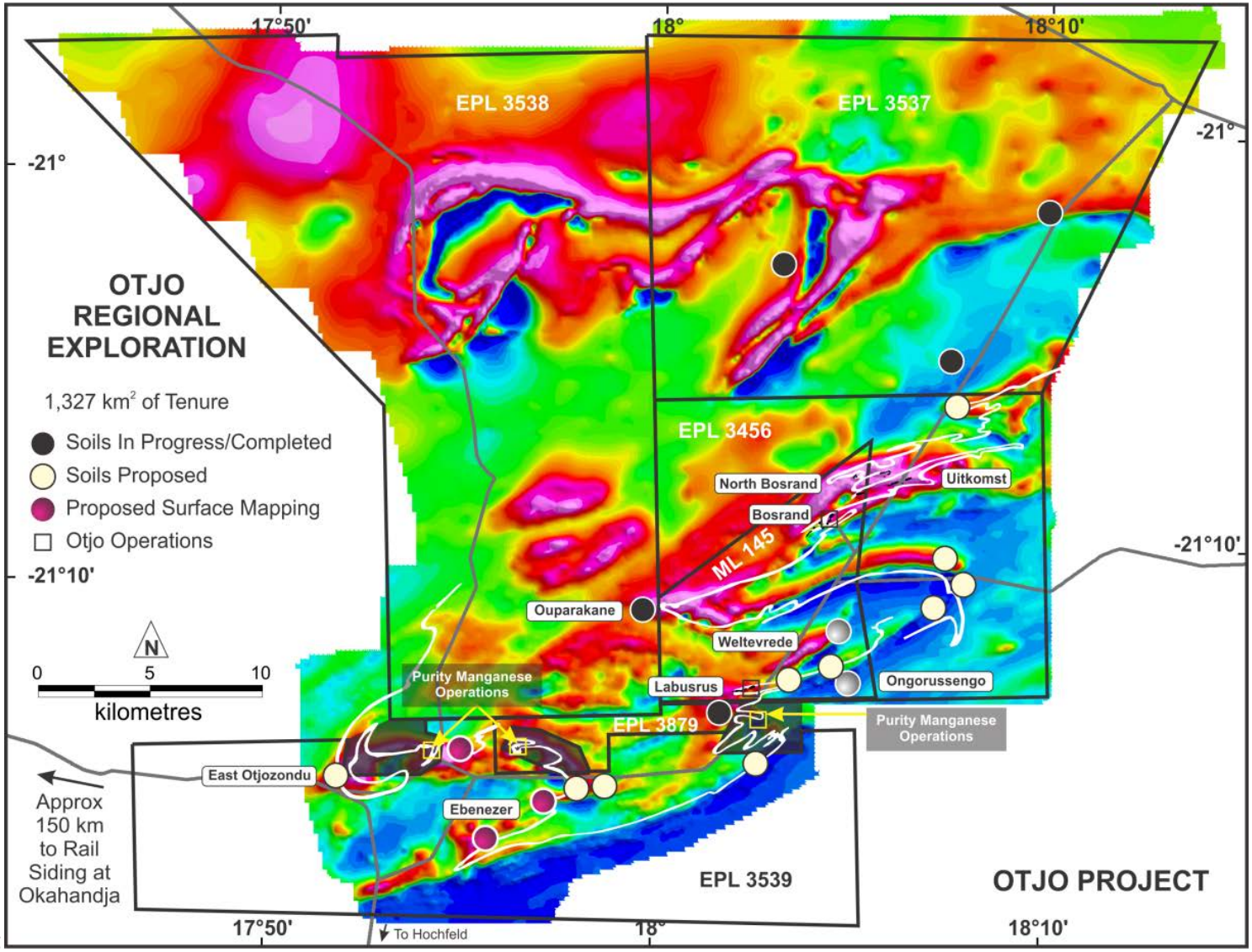

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Figure 5 Exploration Targets